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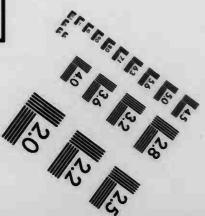
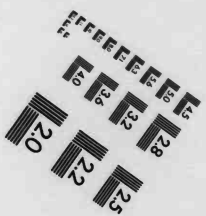
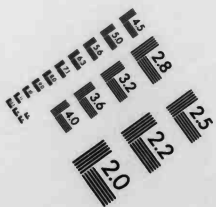
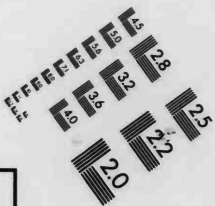
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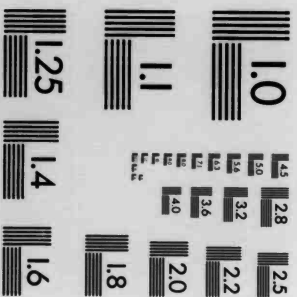
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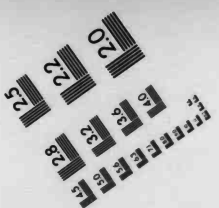
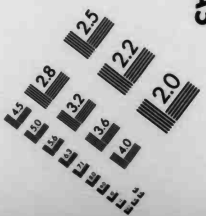
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FEDERAL TRADE COMMISSION

COMPETITIVE
CONDITIONS IN
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OF THE

FEDERAL TRADE
COMMISSION

UNDER SENATE RESOLUTION No. 163
68th CONGRESS, 1st SESSION

COMPETITIVE CONDITIONS
IN FLOUR MILLING

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FEDERAL TRADE COMMISSION

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CONTENTS

CHAPTER I.—SCOPE OF REPORT AND DEVELOPMENT OF THE INDUSTRY

| | |
|--------------------------------------|-----------|
| Sec. 1. Scope of report..... | Page 1 |
| 2. Development of flour milling..... | 3 |

CHAPTER II.—INVESTMENT AND PROFITS OF MILLING COMPANIES

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Sec. 1. Source and extent of information..... | 7 |
| 2. Method of computing investments and profits..... | 7 |
| Investment..... | 7 |
| Net income..... | 8 |
| 3. Investment and net income of 90 milling companies for the two years 1923 and 1924..... | 8 |
| 4. Investment and net income of 101 milling companies for the four years 1919 to 1923, inclusive..... | 11 |
| 5. Investment and net income of 47 milling companies for the six years 1919 to 1924, inclusive..... | 14 |
| 6. Net income and rate of return of 47 milling companies compared with those of 101 milling companies for 1919 to 1922 and of 90 milling companies for 1923 and 1924..... | 16 |

CHAPTER III.—COMPETITIVE CONDITIONS IN THE FLOUR MILLING INDUSTRY

| | |
|---------------------------------------------------------------------------------------|----|
| Sec. 1. Origin and scope..... | 19 |
| 2. Curtailment of production..... | 20 |
| 3. Blacklist..... | 21 |
| 4. Agreements, understandings, or cooperation to sell at a profit..... | 23 |
| 5. Agreements, understandings, and cooperation to exchange information on prices..... | 32 |
| 6. Agreements, understandings, or cooperation to fix the elements of prices..... | 48 |
| Northwest section..... | 48 |
| Southwestern section..... | 57 |
| Federation Code of Ethics..... | 63 |
| 7. Agreements, understandings, or cooperation to fix the terms of sale..... | 63 |
| Northwest section..... | 63 |
| Southwestern section..... | 68 |
| Package differentials..... | 73 |
| 8. Code of Ethics of Millers' National Federation..... | 76 |

EXHIBITS

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----|
| I.—Lists of papers of which copies were refused by milling companies and associations: | |
| Washburn Crosby Co..... | 83 |
| Pillsbury Flour Mills Co..... | 84 |
| Russell-Miller Milling Co..... | 85 |
| Kansas Flour Mills Co..... | 85 |
| Kansas Milling Co..... | 87 |
| Federal Mill & Elevator Co. (Inc.)..... | 90 |
| Millers' National Federation..... | 92 |
| II.—Schedule form for reports on costs, investments, and profits of commercial wheat-flour millers..... | 107 |
| III.—Tables showing investment and net income of flour milling companies..... | 116 |
| IV.—Discussion on package differentials at meeting of Millers' National Federation, October 19, 1917..... | 123 |
| V.—Letter of December 22, 1924, from Sydney Anderson, president, to members of the executive committee of Millers' National Federation..... | 134 |

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For general direction and supervision of this inquiry into the flour milling trade the commission acknowledges the services of Mr. Francis Walker, chief economist, and Mr. W. H. S. Stevens, assistant chief economist.

For the preparation of this report the commission acknowledges especially the services of Mr. John Knox Arnold. Valuable assistance was also rendered by Messrs. LeClaire Hoover, F. X. Patterson, W. B. Horne, and John D. Mullock.

iv

LETTER OF TRANSMITTAL

WASHINGTON, May 7, 1926.

THE PRESIDENT OF THE SENATE.

SIR: I have the honor to transmit herewith a preliminary report of the Federal Trade Commission of its investigation made in response to Senate Resolution 163, Sixty-eighth Congress, first session, relating to that portion of the resolution dealing with conditions in the flour-milling business.

By direction of the commission.

Respectfully,

J. F. NUGENT, *Chairman.*

v

LETTER OF SUBMITTAL

FEDERAL TRADE COMMISSION,
Washington, May 3, 1926.

The PRESIDENT OF THE SENATE:

SIR: Under a resolution of the Senate (S. Res. 163, 68th Cong., 1st sess.) this commission has been conducting an inquiry into the flour-milling and bread-baking industries, and this preliminary report on competitive conditions in the flour-milling industry is submitted in partial response thereto. The complete discussion of this subject and the consideration of the effects of these practices on prices and profits are reserved for the final report.

The inquiry into competitive conditions has not been completed, because most of the larger flour milling companies which were active in furthering agreements to restrict competition described in this report either refused to permit the examination of their correspondence files touching such competitive practices, or refused to permit copies to be made of specifically described letters relevant to alleged violations of the antitrust acts.

The largest and most active of the companies refusing to permit an examination of their correspondence were Washburn Crosby Co. and Pillsbury Flour Mills Co. Another large company active in such matters, the Kansas Flour Mills Co., permitted an examination of its correspondence but refused to permit copies to be made of the documentary evidence selected.

The national organization of flour millers, known as the Millers' National Federation, and controlled by the larger companies through plural voting, permitted examination of its correspondence but refused to permit copies to be made of any of more than 300 letters or other documentary evidence selected.

The commission has issued subpoenas to compel the production of certain of these documents, but the matter is now being contested in the courts by the Millers' National Federation.

The activities to restrict competition among the flour millers, which are described in this report, relate chiefly to the following matters:

(1) Agreements, understandings, or cooperation to sell at a profit. This has involved discussions of what margin over the cost of wheat is necessary to insure a profit.

A meeting of millers was held the latter part of November, 1923, in Minneapolis, attended by Mr. Bell, of Washburn Crosby Co., Mr. Loring, of Pillsbury Flour Mills Co., and Mr. Helm, of Russell-Miller Milling Co. In a circular letter of December 1, 1923, G. M. Palmer, president of the Southern Minnesota Mills, an association, stated in reference to this meeting, regarding cost of milling and selling:

VI

LETTER OF SUBMITTAL

VII

It was suggested that in order to be safe, at least \$1 per barrel over the cost of the wheat should be added in all cases to cover cost of milling and selling, and even this will scarcely cover any margin of profit considering the cost of carrying flour sales and the risk of the feed market, etc.

(2) Exchange of information on selling prices, in order to prevent competitive price cutting. Thus C. L. Bechenbach, a miller, writes to another miller:

The thought is that if a miller was really cutting prices, he would stop it as soon as he found that it was public knowledge.

How it would be stopped is indicated by the following statement in a letter of G. M. Palmer:

The Atkinson Milling Co. has the reputation of being the worst cutters in the business. Do you suppose any influence can be brot to bear upon that concern to refrain from making such prices and of broadcasting their quotations everywhere?

(3) Agreements, understandings, or cooperation to fix the elements of selling prices. The millers organized a bureau to advise them on this matter, called the Livingston Economic Service, which issued information regarding the alleged costs. This information was a cost card containing a hypothetical cost, including factors of profit, or so-called "safety hedge." These costs, as Livingston expressly admitted in 1925, were higher than the prevailing selling prices.

(4) Agreements, understandings, or cooperation to fix uniform differentials on prices of flour sold in packages of different sizes or for flour in different containers. These lists were prepared by a committee of the Millers' National Federation and changed from time to time. Thus in the list of April 1, 1924, the basis is 98 pounds of flour in a cotton sack, and the differential fixed for 2 pounds in a cotton sack, was \$2.60 over this basis. A miller wrote to the secretary of the Millers' National Federation in 1924:

the package differential sheet is one of the very important steps forward, due to the labors of the Federation. This ground must not be lost, and it would be a catastrophe to have the package differential go into the discard.

That these package differentials were generally observed and included a profit is admitted in correspondence between the millers.

(5) Agreements, understandings, or cooperation regarding forward delivery and carrying charges. The correspondence among millers points to an understanding that the period during which forward delivery will be made at current prices should be limited, and that for longer periods a so-called carrying charge, or addition to the price, should be made.

(6) A "Code of Ethics" was adopted by the Millers' National Federation on April 16, 1925, which among other items, includes the following:

Sales of flour should be made for delivery within not to exceed sixty (60) days. Millers' National Federation Package Differentials shall be strictly observed.

Charges shall be assessed and collected from the buyer in all cases where shipping directions are not received within contract time, at the rate of one-third cent (1/3c.) per barrel per day for flour and one cent (1c.) per ton per day for feed for such extended period as may be mutually agreed.

Millers shall not give rebates, premiums, donations or subsidies in the merchandising of their products.

There shall be no so-called bargain day sales.

After prices have been advanced no sales shall be accepted at previous prices.

This preliminary report presents in detail extensive documentary evidence already obtained relating to alleged violations of the anti-trust laws by certain corporations, and indicates conscious attempts to evade the said laws, as shown by the following correspondence.

On August 6, 1924, L. H. Pinney, secretary of the Minnesota Millers' Club, Minneapolis, Minn., wrote to C. V. Topping, secretary of the Southwestern Millers' League, Kansas City, Mo., in regard to methods of fixing prices, as follows:

I am seeking information regarding method of advising your members regarding prices for local territory put out by your club—how obtained and disseminated. I enclose herewith copy of letter I am sending to members. The directors make the price and they think, should I be called upon by the Department of Justice to explain we would be in a predicament. I would be pleased to have a copy of your rules and by-laws. Any suggestions you have to offer would be appreciated. This is confidential.

On August 8, 1924, Mr. Topping replied, explaining the method of fixing prices in the Southwestern States, as follows:

I am in receipt of yours of the 6th and in reply all States in the league territory are handled separately.

Group meetings are held every week and business generally discussed. Where your business is confined strictly to your Minneapolis Club, I would suggest and it is working very satisfactory in other States, that you take a representative mill, say Pillsbury Flour Mills in Minneapolis, and use their quotations as a basis. Let them advise you of the changes and you send this information to the members of your club. Use blank stationery and I would not put any name to the quotations, just let it appear as a regular market letter.

This can be understood among your members and there need be nothing attached to it that would in any way involve anybody.

I think you would have considerable of a task to convince the Department of Justice of your innocence.

One of the very important features is as little information in writing as possible.

Certain data regarding the flour milling companies' costs and profits are shown for 1923 and 1924, before the agreement and understandings for cooperation were perfected in 1925, together with similar data previously collected for earlier years. For 47 identical companies with a capital employed aggregating more than \$70,000,000 in each year, and an average annual output exceeding 20,000,000 barrels of flour, the average profit from 1919 to 1924 was 9.7 per cent, and for the years 1923 and 1924 it was 7.8 per cent and 6.9 per cent, respectively. The rate of return on the companies' investment (capital stock and surplus) was naturally higher, namely, 11.2 per cent for the period 1919 to 1924, and 8.6 per cent and 8.9 per cent, respectively, for the years 1923 and 1924.

The final conclusions of the commission are reserved in order to consider also the important documentary evidence called for by the commission under subpoena but refused by the millers.

By the commission.

J. F. NUGENT, *Chairman.*

COMPETITIVE CONDITIONS IN FLOUR MILLING

CHAPTER I

SCOPE OF REPORT AND DEVELOPMENT OF THE INDUSTRY

Section 1. Scope of report.

The resolution under which this inquiry has been conducted was agreed to by the Senate on February 16, 1924.¹ This resolution is as follows:

Resolved, That the Federal Trade Commission be, and it is hereby, directed to investigate the production, distribution, transportation, and sale of flour and bread, including by-products, and report its findings in full to the Senate, showing the costs, prices, and profits at each stage of the process of production and distribution, from the time the wheat leaves the farm until the bread is delivered to the consumer; the extent and methods of price fixing, price maintenance, and price discrimination; the developments in the direction of monopoly and concentration of control in the milling and baking industries, and all evidence indicating the existence of agreements, conspiracies, or combinations in restraint of trade.

In carrying out the directions of the Senate relating to flour, the two main lines of inquiry pursued were costs and profits of milling companies during the years 1923 and 1924 and competitive conditions among milling companies and milling associations from October, 1923, to April, 1925. The present inquiry was restricted to the period since 1922, because prior reports of the commission covered the flour industry for preceding years.²

The figures on costs and profits in the present inquiry include 90 companies located throughout the country, including the Rocky Mountain and Pacific coast regions, but cover only about 25 per cent of the total production, as many of the largest milling companies refused or failed to fill out the schedules requested. Washburn Crosby Co., Minneapolis, Minn., permitted accountants of the commission to fill out the schedule in the company's offices, but refused to permit the agents to bring away the completed schedule which the accountants had worked up, and also later refused to forward the schedule to the commission. Pillsbury Flour Mills Co., Minneapolis, Minn., refused to fill out the schedule and also refused to permit accountants of the commission to obtain the figures from the company's books and records.

In fact, many of the large companies most active in agreements, understandings, or cooperation to restrict competition in the sale of

¹ S. Res. 163, 68th Cong., 1st sess., submitted by Senator La Follette.

² Report of the Federal Trade Commission on Commercial Wheat Flour Milling, Sept. 15, 1920; and Report of the Federal Trade Commission on the Wheat Flour Milling Industry, May 16, 1924.

flour did not report their costs and profits for 1923 and 1924, although urgently requested to do so. Such data from some of these companies were secured for the four years 1919 to 1922, inclusive, in a previous inquiry, and are included in the figures for that period which are shown in the present report. The nation-wide agreements to restrict competition among milling companies were initiated on October 12, 1923.

The inquiry into competitive conditions could not be completed because most of the larger milling companies that were active in furthering the agreements, understandings, and cooperation to restrict competition not only refused to permit the examination of their correspondence files on competitive practices but also refused to permit copies to be made of specifically described letters. The larger and most active of such companies were Washburn Crosby Co., Minneapolis, Minn., and Pillsbury Flour Mills Co., Minneapolis, Minn. Another large company active in such matters, Kansas Flour Mills Co., Kansas City, Mo., permitted examination of its correspondence but refused to permit copies to be made of the documents selected. The national association of millers, called the Millers' National Federation, and controlled through plural voting by the larger milling companies, permitted examination of its correspondence but refused to permit copies to be made of any of the more than 300 documents selected. (See Exhibit I, p. 83.)

The inquiry into competitive conditions did not involve visits to milling companies located in the Rocky Mountain and Pacific coast regions.

As stated above, the two features of the milling industry described in this report are profits and competitive conditions.

As shown in Chapter II of this report, 47 milling companies reporting for the six-year period 1919 to 1924, inclusive, are fairly representative of the flour-milling industry for all of the years of the period combined, so far as the rate of return on investment is concerned.

These companies showed an average rate of return on the stockholders' equity in the entire business of the companies for the six-year period 1919 to 1924, inclusive, of 11.2 per cent. This rate of return is arrived at after payment of interest on bonds and borrowed money, but before deduction of Federal income and profits taxes. The rates were very high in 1919 and 1920 and very low in 1921. The rates in 1922, 1923, and 1924, while higher than in 1921, were still much lower, especially in 1923, than the rates had been in 1919 and 1920.

As shown in Chapter III of this report, activities among milling companies and milling associations to restrict competition in the sale of flour throughout the country were initiated during 1923, a year of comparatively low profits for milling companies. These activities culminated in April, 1925, in the adoption of a so-called "code of ethics" at a meeting of the Millers' National Federation. The principal activities of this kind described in this report are: agreements, understandings, and cooperation to sell at a profit, to exchange information on selling prices, to fix the elements of selling

prices, to fix uniform carrying charges on forward sales of flour, and to fix uniform differentials in the prices of flour sold in the different kinds and sizes of packages. Provisions covering these activities are included in the code of ethics.

What have been the effects of the adoption of the code of ethics in April, 1925, can not be stated because the commission is without direct information as to the profits of the milling companies since 1924, or as to competitive conditions in the milling industry since the meeting of the Millers' National Federation in April, 1925, when the code was adopted.

However, the evidence of milling companies and association officers and employees, as described in Chapter III, indicates that if the provisions of this code are generally observed, competition will be restricted and artificial minimum prices established for the sale of flour.

Section 2. Development of flour milling.

Before proceeding with a discussion of profits and competitive conditions, a brief description of the flour-milling industry is of interest, as indicating the trend of the industry to larger units of production and as a basis of comparison with the production covered by the present inquiry into costs and profits.

The number of mills is given in the following table:

TABLE 1.—Number of merchant and custom flour and grist mills, 1904-1923¹

| Census year | Merchant flour mills | Flour and grist mills | | |
|-------------|----------------------|-----------------------|------------------|------------------|
| | | Merchant mills | Custom mills | Total |
| 1904..... | 7,685 | 10,051 | (²) | (²) |
| 1909..... | 7,342 | 11,691 | 11,691 | 23,652 |
| 1914..... | 6,876 | 10,788 | (²) | (²) |
| 1919..... | 6,733 | 10,708 | 10,427 | 21,135 |
| 1921..... | 4,809 | 8,019 | (²) | (²) |
| 1923..... | 3,829 | 5,232 | (²) | (²) |

¹ Compiled from Census of Manufacturers, Flour and Grain Mill Products, Department of Commerce, Bureau of the Census.

² In compliance with law, custom grain mills engaged exclusively in grinding grain owned by others, were not canvassed.

A merchant mill is one that purchases grain and then sells the products after grinding, whereas a custom or neighborhood mill grinds the customers' grain for a fixed charge, which may be taken as cash or in kind.

At the censuses of 1904, 1914, 1921, and 1923 the canvass was restricted to merchant mills only.

In 1904 the merchant wheat-flour mills numbered 7,685, and since that year the number has steadily declined to only 3,829 in 1923. This marked decline was partly due to the fact that, beginning with the census of 1921, the Census Bureau has enumerated only those mills having products of \$5,000 value and over, while for earlier years the minimum was \$500. Another cause for the decline was the fact that a considerable number of establishments which

reported for 1919 and 1921 had gone out of business before the beginning of 1923, or were reported idle during the entire year.

Some indication of the relative importance of merchant and custom mills is afforded by the fact that although the number of establishments is approximately the same for merchant and custom mills in 1919, the products of the latter contributed only 4.4 per cent of the total value of products of both merchant and custom mills. The number of merchant flour and grist mills reached its maximum of 11,691 in 1909, after which there was an uninterrupted decline to 5,232 in 1923.

The census shows in 1923 that the total value of all grain products milled in the United States amounted to about \$1,049,000,000, of which over \$663,000,000 was wheat flour. In that year over 538,000,000 bushels of wheat, 125,000,000 bushels of corn, 49,000,000 bushels of oats, 9,000,000 bushels of rye, nearly 3,000,000 bushels of buckwheat, and 18,000,000 bushels of other grain were ground.

The following table shows the quantity of wheat ground, and the quantity and value of flour produced in the specific years by merchant mills:

TABLE 2.—Quantity of wheat ground and quantity and value of wheat flour produced by merchant mills for census years 1899–1923¹

| Census year | Wheat ground | Quantity of flour produced | Value of flour produced |
|-------------|----------------|----------------------------|-------------------------|
| | <i>Bushels</i> | <i>Barrels</i> | |
| 1899 | 471,306,986 | 99,763,777 | \$333,997,686 |
| 1904 | 494,095,083 | 104,013,278 | 480,258,514 |
| 1909 | 496,480,314 | 105,756,645 | 550,116,254 |
| 1914 | 545,728,431 | 116,403,770 | 543,839,568 |
| 1919 | 612,562,471 | 132,465,604 | 1,436,444,111 |
| 1921 | 621,233,509 | 110,846,277 | 871,731,990 |
| 1923 | 538,312,078 | 114,438,544 | 663,302,341 |

¹ Compiled from Census of Manufacturers, Flour and Grain Mill Products, Department of Commerce, Bureau of the Census.

In 1899 merchant mills produced over 96 per cent of all the wheat flour manufactured; in 1909 98.7 per cent and in 1919, when production reached the maximum, merchant mills produced over 99 per cent of the flour from all mills.

The quantity of wheat ground in 1899 increased from about 471,000,000 bushels to the maximum of 612,000,000 bushels in 1919, then decreased to 538,000,000 in 1923.

The quantity of flour produced increased in 1899 from slightly less than 100,000,000 barrels to over 132,000,000 barrels in 1919, then decreased to about 114,000,000 barrels in 1923.

The value of flour produced by merchant mills increased from about \$334,000,000 in 1899 to over \$1,436,000,000 in 1919, then decreased to slightly over \$663,000,000 in 1923. A large part of the increase in value in 1919 was due to the higher value per barrel. For example, in 1899 the average price per barrel was \$3.35 while in 1919 it was \$10.84, then decreased to \$5.80 in 1923.

The quantity of wheat flour produced in merchant mills, by States, is shown in the following table:

TABLE 3.—Quantity of wheat ground and of flour produced, by States, in 1923¹

| State | Wheat ground | | Flour produced | |
|---------------------|--------------|----------|----------------|----------|
| | Bushels | Per cent | Barrels | Per cent |
| Minnesota | 111,770,651 | 21.0 | 23,675,229 | 20.8 |
| Kansas | 73,014,088 | 13.7 | 15,860,965 | 13.9 |
| New York | 40,302,008 | 7.6 | 8,949,095 | 7.9 |
| Missouri | 38,324,345 | 6.4 | 7,435,052 | 6.5 |
| Illinois | 25,393,125 | 4.8 | 5,506,358 | 4.8 |
| Washington | 22,707,158 | 4.3 | 4,817,045 | 4.2 |
| Ohio | 19,941,900 | 3.8 | 4,290,410 | 3.8 |
| Texas | 18,689,029 | 3.5 | 4,014,945 | 3.5 |
| Indiana | 15,606,981 | 2.9 | 3,277,524 | 2.9 |
| Oregon | 14,162,943 | 2.7 | 3,028,645 | 2.7 |
| Nebraska | 12,776,038 | 2.4 | 2,671,671 | 2.3 |
| North Dakota | 12,626,135 | 2.4 | 2,657,974 | 2.3 |
| California | 12,139,595 | 2.3 | 2,505,881 | 2.2 |
| Tennessee | 11,389,252 | 2.1 | 2,403,111 | 2.1 |
| Oklahoma | 10,814,455 | 2.0 | 2,347,729 | 2.1 |
| Kentucky | 10,911,743 | 2.1 | 2,329,703 | 2.0 |
| Pennsylvania | 11,067,376 | 2.1 | 2,251,473 | 2.0 |
| Michigan | 10,370,536 | 2.0 | 2,114,339 | 1.9 |
| Montana | 8,586,712 | 1.6 | 1,935,300 | 1.7 |
| Virginia | 7,963,616 | 1.5 | 1,674,836 | 1.5 |
| Wisconsin | 7,038,143 | 1.3 | 1,562,131 | 1.4 |
| Colorado | 6,706,180 | 1.3 | 1,515,595 | 1.3 |
| North Carolina | 5,967,244 | 1.1 | 1,279,805 | 1.1 |
| Iowa | 5,890,906 | 1.1 | 1,230,876 | 1.1 |
| Maryland | 5,015,470 | .9 | 1,027,814 | .9 |
| Idaho | 4,064,747 | .8 | 901,062 | .8 |
| Utah | 3,579,771 | .7 | 766,666 | .7 |
| Georgia | 2,871,513 | .5 | 614,334 | .5 |
| South Dakota | 1,592,935 | .3 | 331,529 | .3 |
| West Virginia | 1,314,666 | .2 | 267,758 | .2 |
| Wyoming | 692,691 | .1 | 154,888 | .1 |
| Arizona | 716,619 | .1 | 152,267 | .1 |
| New Jersey | 599,533 | .1 | 122,862 | .1 |
| Other States | 1,827,387 | .3 | 377,265 | .3 |
| Total United States | 531,935,511 | 100.0 | 114,052,155 | 100.0 |

¹ Compiled from Census of Manufacturers, Flour, and Grain Mill Products, Department of Commerce, Bureau of the Census.

Minnesota, Kansas, New York, and Missouri, in the order named, were the four leading flour-producing States in 1923. The Minnesota flour mills grind chiefly hard spring wheat grown in Minnesota, North and South Dakota. The Kansas mills grind mostly hard winter wheat grown in Kansas and bordering States, while New York mills, especially those located in Buffalo and vicinity, use large quantities of wheat imported from Canada or grown in States farther west. Minnesota and Kansas have ranked first and second, respectively, for many years.

Minnesota mills alone produced nearly 21 per cent of the total output of wheat flour for the year 1923; Kansas mills produced nearly 14 per cent in 1923. New York mills produced nearly 8 per cent of all the flour in 1923. Missouri milled about 6 per cent. Flour mills located in these four States produced about one-half of the total production of the entire country for 1923, while 11 States produced nearly 75 per cent of the country's total.

As shown in the commission's 1920 report on flour milling, the normal domestic consumption of flour in the United States is approximately one barrel per capita.² Domestic consumption has always taken the great bulk of the flour production of this country.

² Report of Federal Trade Commission on Commercial Wheat Flour Milling, 1920, p. 14.

During the last 15 years flour exports have taken from about 7 to 18 per cent of the total flour production of the country, while flour imports have been comparatively small. The quantity and value of flour exports and imports from 1911 to 1925, inclusive, are given in the following table:

TABLE 4.—Quantity and value of wheat flour exports and imports for the fiscal years ending June 30, 1911–1925¹

| Year ending June 30— | Exports | | Imports | |
|----------------------|------------|--------------|-----------|------------|
| | Barrels | Value | Barrels | Value |
| 1911..... | 10,129,435 | \$49,386,946 | 141,582 | \$625,287 |
| 1912..... | 11,006,487 | 50,999,797 | 158,777 | 665,346 |
| 1913..... | 11,394,805 | 53,171,537 | 107,558 | 453,681 |
| 1914..... | 11,821,481 | 54,454,175 | 89,911 | 363,855 |
| 1915..... | 16,182,765 | 94,869,343 | 64,200 | 309,742 |
| 1916..... | 15,520,609 | 87,337,805 | 329,905 | 1,689,418 |
| 1917..... | 11,942,778 | 93,198,494 | 174,704 | 1,458,279 |
| 1918..... | 21,879,951 | 244,861,140 | 675,096 | 6,372,333 |
| 1919..... | 24,181,979 | 267,966,269 | 37,140 | 375,911 |
| 1920..... | 21,651,961 | 240,574,670 | 159,056 | 1,806,546 |
| 1921..... | 16,179,956 | 154,824,355 | 1,420,884 | 13,591,464 |
| 1922..... | 15,796,824 | 97,386,131 | 619,105 | 3,559,501 |
| 1923..... | 14,882,714 | 83,991,002 | 429,421 | 2,307,891 |
| 1924..... | 17,252,620 | 88,201,842 | 169,132 | 837,799 |
| 1925..... | 13,896,154 | 97,766,001 | 6,718 | 38,926 |

¹ Compiled from Monthly Summary of Foreign Commerce of the United States Department of Commerce, Bureau of Foreign and Domestic Commerce.

The quantity of wheat flour exported since 1911 ranged from 10,129,435 barrels in 1911 to 24,181,979 barrels in 1919.

The imports ranged from 6,718 barrels in 1925 to 1,420,884 barrels in 1921.

In addition to the foreign demand for flour, mention should also be made of the exports of wheat. For the five fiscal years ending June 30, 1925, the total quantity of wheat flour exported from the United States was 78,000,000 barrels, while the quantity of wheat exported was equivalent to about 206,850,000 barrels of flour. Thus, during this period about 77 per cent of the combined wheat and wheat flour exports were in the form of wheat.

CHAPTER II

INVESTMENT AND PROFITS OF MILLING COMPANIES

Section 1. Source and extent of information.

The information on investments and profits obtained in this inquiry covers the operations of 90 milling companies for the two years 1923 and 1924. Most of these companies furnished the information on schedule forms sent out by the commission. For a copy of this schedule, see Exhibit II, p. 107. In some cases the schedules were filled out by accountants of the commission directly from the records of the milling companies.

A considerable number of companies failed to furnish the information, although urged to do so in letters accompanying the schedules. See Exhibit II, p. 107, for copies of the form letters used. Other companies, including the two largest companies in the country, refused to permit accountants of the commission to get the data desired from them. See page 1.

As a result, the investment and profits secured for 1923 and 1924 are for companies that produced only about 25 per cent of the total production of wheat flour as reported by the census for 1923.

Figures obtained in the prior inquiry for over 100 companies are given for 1919 to 1922, inclusive. These companies produced about 45 per cent of the total output.

It has been possible to show the results for 47 companies for the six-year period 1919 to 1924, inclusive, by using data obtained in a prior inquiry for 1919 to 1922, and data obtained in this inquiry for 1923 and 1924. These 47 companies produced about 18 per cent of the total flour production.

Section 2. Method of computing investments and profits.

The investment and profits in this chapter are shown separately for the milling business and for the stockholders' equity in the entire business of the company. In Exhibit III, p. 116, comparative investment and profits are given for (1) Milling business; (2) entire business; (3) stockholders' equity in entire business; and (4) stockholders' equity in milling business.

The present inquiry into the milling industry is primarily for the purpose of reporting to the Senate the facts relating to alleged violations of the antitrust laws. The financial results for the stockholders' interest in the various milling companies are therefore of especial importance in this inquiry because such results for stockholders may tend to establish the policies of the companies rather than the results for the milling business. However, the results for the milling business are important, also, to show all profits derived from milling alone.

Investment.—The investments used in this report are the mean investments for the year; that is, one-half the sum of the invest-

ments at the beginning and at the end of each year. This applies to all except notes payable for which the monthly averages have been used.

The investment in the milling business is the sum of the capital stock, surplus, surplus reserves, and bonds and borrowed money, less outside investments.

The stockholders' equity in the entire business is the sum of the capital stock, surplus, and surplus reserves.

Net income.—The net incomes shown in this report are, in all cases, the income before deducting Federal income and profits taxes.

The net income from the milling business is the total net income before deducting interest on bonds and borrowed money, and before adding or deducting gains or losses on outside investments.

The net income from the stockholders' equity in the entire business is the total net income after deducting interest on bonds and borrowed money.

It is not possible with the information available to show the amount of income and profits taxes because some companies did not report them, and for the further reason that the amounts shown by other companies did not apply entirely to the year in which shown.

Section 3. Investment and net income of 90 milling companies for the two years, 1923 and 1924.

The information in this section is for 90 identical companies, which have flour mills located in every section of the country.

The production and sales of these companies are as follows:

TABLE 5.—*Production and sales of wheat flour as reported for 90 milling companies for 1923 and 1924*

[Crop and calendar years combined]

| Year | Production | Sales |
|--------------|------------|------------|
| | Barrels | Barrels |
| 1923..... | 28,513,936 | 29,184,810 |
| 1924..... | 29,127,158 | 30,072,320 |
| Average..... | 28,820,547 | 29,628,685 |

The production of wheat flour of the 90 companies averaged nearly 29,000,000 barrels, which is about 25 per cent of the total production of the country.

These companies also reported producing an average for the two years of a little over 275,000 barrels of rye flour and corn meal combined, which is a little less than 1 per cent of the wheat flour produced by them.

The sales of these companies for the two years averaged about 800,000 barrels more than their production. This is accounted for by flour purchased from other mills, and by differences in stocks of flour on hand.

The value of sales, costs, and expenses of sales and net income are shown in the following table:

TABLE 6.—*Value of sales, costs and expenses of sales, and net income for milling business and for stockholders' equity in entire business of 90 milling companies for the two years 1923 and 1924*

[Crop and calendar years combined]

MILLING BUSINESS

| Year | Value of sales | | Costs and selling expenses ¹ | | Net income | |
|--------------|----------------|------------|-----------------------------------------|------------|-------------|------------|
| | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel |
| 1923..... | \$172,425,618 | \$5.91 | \$165,244,375 | \$5.66 | \$7,181,243 | \$0.25 |
| 1924..... | 173,295,955 | 5.76 | 166,255,770 | 5.53 | 7,040,185 | .23 |
| Average..... | 172,860,786 | 5.83 | 165,750,072 | 5.59 | 7,110,714 | .24 |

STOCKHOLDERS' EQUITY

| Year | Value of sales | | Costs and all expenses ² | | Net income | |
|--------------|----------------|------------|-------------------------------------|------------|-------------|------------|
| | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel |
| 1923..... | \$172,425,618 | \$5.91 | \$165,878,105 | \$5.69 | \$6,547,513 | \$0.22 |
| 1924..... | 173,295,955 | 5.76 | 165,942,274 | 5.52 | 7,353,681 | .24 |
| Average..... | 172,860,786 | 5.83 | 165,910,189 | 5.59 | 6,950,597 | .24 |

¹ Costs and selling expenses, including miscellaneous operating losses and gains, but not interest paid on long-term loans.

² Costs and selling expenses, including miscellaneous operating losses and gains and interest on long-term loans, less gains from outside investments.

Both value of sales per barrel and costs and expenses per barrel decreased in 1924 as compared with 1923 by nearly the same amount, so that there was little change in the net income per barrel either for the milling business or for the stockholders' equity.

Value of sales decreased from \$5.91 per barrel in 1923 to \$5.76 in 1924, or a decrease of 15 cents per barrel.

The net income for the milling business decreased from 25 cents per barrel in 1923 to 23 cents in 1924, while the net income for the stockholders' equity increased from 22 cents in 1923 to 24 cents in 1924.

The investment, net income, and rate of return for the 90 companies are as follows:

TABLE 7.—*Investment, net income, and rate of return for milling business and for stockholders' equity in entire business of 90 milling companies for the two years 1923 and 1924*

[Crop and calendar years combined]

MILLING BUSINESS

| Year | Investment | | Net income | | Rate of return |
|--------------|--------------|------------|-------------|------------|----------------|
| | Amount | Per barrel | Amount | Per barrel | |
| 1923..... | \$96,611,305 | \$3.31 | \$7,181,243 | \$0.25 | 7.4 |
| 1924..... | 98,840,598 | 3.29 | 7,040,185 | .23 | 7.1 |
| Average..... | 97,725,951 | 3.30 | 7,110,714 | .24 | 7.3 |

TABLE 7.—Investment, net income, and rate of return for milling business and for stockholders' equity in entire business of 90 milling companies for the two years 1923 and 1924—Continued

| STOCKHOLDERS' EQUITY | | | | | |
|----------------------|--------------|------------|----------------|----------------|----------------|
| Year | Investment | Net income | Rate of return | Rate of return | Rate of return |
| 1923..... | \$80,772,204 | \$2.76 | \$6,547,513 | \$0.22 | 8.1 |
| 1924..... | 83,102,983 | 2.76 | 7,353,681 | .24 | 8.8 |
| Average..... | 81,937,593 | 2.76 | 6,950,597 | .24 | 8.5 |

For convenience, the investment per barrel sold, rather than per barrel produced, is given in the above table, but had the production basis been used there would have been a difference of only a few cents per barrel in the investment.

The investment per barrel in the milling business varied but little, being \$3.31 in 1923 and \$3.29 per barrel in 1924. The stockholders' equity did not vary at all, being \$2.76 per barrel in each year.

The rate of return for the milling business was lower in each year than the rate for the stockholders' equity, and decreased from 7.4 per cent in 1923 to 7.1 per cent in 1924, while the rate for the stockholders' equity increased from 8.1 per cent in 1923 to 8.8 per cent in 1924.

Combined results for the 90 companies are shown in Table 7, above, for 1923 and 1924. As a matter of fact, 44 of these companies close their books at the end of the crop year, which is from June to August in different sections of the country, and the other 46 companies use the calendar year. Therefore, the figures of the 44 crop year companies cover the two years from the summer of 1922 to the summer of 1924, while the other 46 companies cover the calendar years January to December, 1923 and 1924. A comparison of the rates of return of these two groups of companies is shown below.

TABLE 8.—Rate of return on investment for milling business and for stockholders' equity in entire business of 44 milling companies for the crop years and of 46 milling companies for the calendar years, 1923 and 1924

| [Crop and calendar years separate] | | | | |
|------------------------------------|-----------|---------------|----------|--|
| MILLING BUSINESS | | | | |
| Year | Crop year | Calendar year | Average | |
| 1923..... | Per cent | Per cent | Per cent | |
| 1924..... | 8.0 | 5.1 | 7.4 | |
| | 6.2 | 10.9 | 7.1 | |
| STOCKHOLDERS' EQUITY | | | | |
| 1923..... | 8.9 | 4.3 | 8.1 | |
| 1924..... | 8.1 | 12.6 | 8.8 | |

The 44 companies showed a decrease in rate of return on milling investment from 8 per cent for the crop year ending in 1923 to 6.2 per cent for the crop year ending in 1924. On the other hand, the 46 companies showed an increase in the rate of return from 5.1

per cent for the calendar year 1923 to 10.9 per cent for the calendar year 1924.

The corresponding rates on the stockholders' equity were 8.9 per cent and 8.1 per cent for the crop years and 4.3 per cent and 12.6 per cent for the calendar years.

Further information showing comparisons of financial data between crop-year and calendar-year companies is given in Tables 4, 5, and 6 in Exhibit II on pages 118-119. The more important of these comparisons are discussed briefly below.

The value of flour sold by the 44 companies decreased from \$5.91 per barrel in the crop year ending in 1923 to \$5.55 in the crop year ending in 1924, while the value of flour sold by the 46 companies increased from \$5.88 per barrel in the calendar year 1923 to \$6.44 per barrel in the calendar year 1924.

The net income for the milling business of the 44 crop-year companies decreased from 27 cents per barrel in 1923 to 21 cents in 1924, while for the 46 calendar-year companies the corresponding figures increased from 15 cents per barrel to 30 cents per barrel.

The net income for the stockholders' equity of the 44 crop-year companies decreased from 26 cents per barrel in 1923 to 24 cents per barrel in 1924, while for the 46 calendar-year companies the corresponding figures increased from 10 cents per barrel in 1923 to 26 cents per barrel in 1924.

The sales of the 44 crop-year companies were 22,902,087 barrels in 1923 and 22,966,825 barrels in 1924. The sales of the 46 calendar-year companies were 6,282,723 in 1923 and 7,105,495 in 1924. Thus, the sales of the calendar-year companies were less than one-third as large as those of the crop-year companies. But the sales of the calendar-year companies increased more than 800,000 barrels in 1924 as compared with 1923, while those of the crop-year companies increased less than 65,000 barrels.

All of the tables in this chapter except Table 8 above show the results for all companies combined, those ending with the crop year (June to August) and those ending with the calendar year (December of the same calendar year).

Section 4. Investment and net income of 101 milling companies for the four years, 1919 to 1922, inclusive.

The discussion in this section of the chapter is based upon information secured in a prior inquiry.¹ The information is not for identical companies, but is for 101 companies in 1919; 105 companies in 1920; 107 companies in 1921; and 101 companies in 1922. In all, 108 companies are included, but not all of them in any one year. Ninety-five companies were common for all four years; the figures for the other companies were not large enough to appreciably affect the average results of the 95 companies.

Results for these companies are included in this report because some of the larger milling companies reported for 1919 to 1922, inclusive, that refused to report for 1923 and 1924.

The production and sales of the companies reporting for 1919 to 1922 are as follows:

¹ Report of the Federal Trade Commission on the Wheat Flour Milling Industry, 1924, p. 27.

TABLE 9.—Production and sales of wheat flour as reported by 101 milling companies for 1919 to 1922, inclusive

[Crop and calendar years combined]

| Year | Production | Sales |
|-------------|----------------|----------------|
| | <i>Barrels</i> | <i>Barrels</i> |
| 1919..... | 49,963,077 | 50,067,008 |
| 1920..... | 51,184,852 | 51,585,717 |
| 1921..... | 46,234,207 | 47,061,412 |
| 1922..... | 50,148,305 | 50,846,062 |
| Average.... | 49,382,810 | 49,887,550 |

The production and sales of these companies averaged over 49,000,000 barrels per year for 1919 to 1922, inclusive, or about 20,000,000 barrels per year greater than the production and sales of the 90 companies reporting for 1923 and 1924, and about 29,000,000 barrels per year greater than the production and sales of the 47 companies reporting for the entire six-year period 1919 to 1924, inclusive.

The value of sales, costs of sales, and expenses, and net income of the 101 companies are shown below:

TABLE 10.—Value of sales, costs of sales, and net income for milling business and for stockholders' equity in entire business of 101 milling companies,¹ for the four years, 1919 to 1922, inclusive

[Crop and calendar years combined]

MILLING BUSINESS

| Year | Value of sales | | Costs and selling expenses ² | | Net income | |
|--------------|----------------|------------|-----------------------------------------|------------|--------------|------------|
| | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel |
| | | | | | | |
| 1919..... | \$531,060,424 | \$10.61 | \$507,710,314 | \$10.14 | \$23,350,110 | \$0.47 |
| 1920..... | 605,006,650 | 11.73 | 574,864,697 | 11.15 | 30,142,553 | .58 |
| 1921..... | 427,175,507 | 9.08 | 424,587,906 | 9.02 | 2,587,601 | .06 |
| 1922..... | 334,847,344 | 6.58 | 318,744,702 | 6.26 | 16,102,642 | .32 |
| Average..... | 474,522,481 | 9.51 | 456,476,755 | 9.15 | 18,045,726 | .36 |

STOCKHOLDERS' EQUITY

| Year | Value of sales | | Costs and all expenses ³ | | Net income | |
|--------------|----------------|------------|-------------------------------------|------------|--------------|------------------|
| | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel |
| | | | | | | |
| 1919..... | \$531,060,424 | \$10.61 | \$511,157,697 | \$10.21 | \$19,902,727 | \$0.40 |
| 1920..... | 605,006,650 | 11.73 | 580,108,797 | 11.25 | 24,897,853 | .48 |
| 1921..... | 427,175,507 | 9.08 | 427,353,930 | 9.08 | 178,423 | (⁴) |
| 1922..... | 334,847,344 | 6.58 | 320,105,338 | 6.29 | 14,742,006 | .29 |
| Average..... | 474,522,481 | 9.51 | 450,681,440 | 9.21 | 14,941,041 | .30 |

¹ The number of companies varied from year to year. In 1919 there were 101 companies; in 1920 there were 105 companies; in 1921 there were 107 companies; and in 1922 there were 101 companies.

² Costs and selling expenses, including miscellaneous operating losses and gains, but not interest paid on long-term loans.

³ Costs and selling expenses, including miscellaneous operating losses and gains and interest on long-term loans, less gains from outside investments.

⁴ Loss.

⁵ Loss of less than one-half of 1 cent.

Value of sales per barrel increased from \$10.61 in 1919 to \$11.73 in 1920, and then decreased in each of the two following years to \$6.58 in 1922.

Costs and selling expenses per barrel increased from \$10.14 in 1919 to \$11.15 in 1920, and then decreased in each of the two following years to \$6.26 in 1922. The net income per barrel for the milling business increased from 47 cents in 1919 to 58 cents in 1920, then decreased to 6 cents in 1921, and again increased to 32 cents in 1922.

The costs and all expenses per barrel increased from \$10.21 in 1919 to \$11.25 in 1920, and then decreased in each of the two following years to \$6.29 in 1922. The net income per barrel for the stockholders' equity increased from 40 cents in 1919 to 48 cents in 1920, then decreased to a loss of less than one-half cent in 1921, and again increased to 29 cents in 1922.

The average net income per barrel during the four-year period for the milling business was 36 cents, while for the stockholders' equity the average net income per barrel was 30 cents.

The investment, net income, and rate of return for the 101 companies are shown below.

TABLE 11.—Investment, net income, and rate of return for milling business and for stockholders' equity in entire business of 101 milling companies¹ for the four years 1919 to 1922, inclusive

[Crop and calendar years combined]

MILLING BUSINESS

| Year | Investment | | Net income | | Rate of return |
|--------------|---------------|------------|--------------|------------|----------------------|
| | Amount | Per barrel | Amount | Per barrel | |
| 1919..... | \$167,511,980 | \$3.35 | \$23,350,110 | \$0.47 | <i>Per cent</i> 13.9 |
| 1920..... | 202,894,375 | 3.93 | 30,142,553 | .58 | 14.9 |
| 1921..... | 164,697,057 | 3.50 | 2,587,601 | .06 | 1.6 |
| 1922..... | 148,096,392 | 2.91 | 16,102,642 | .32 | 10.9 |
| Average..... | 170,799,951 | 3.42 | 18,045,726 | .36 | 10.6 |

STOCKHOLDERS' EQUITY

| | | | | | |
|--------------|---------------|--------|--------------|------------------|------|
| 1919..... | \$108,716,031 | \$2.17 | \$19,902,727 | \$0.40 | 18.3 |
| 1920..... | 119,224,326 | 2.31 | 24,897,853 | .48 | 20.9 |
| 1921..... | 121,582,513 | 2.59 | 178,423 | (⁴) | 2.1 |
| 1922..... | 117,971,362 | 2.32 | 14,742,006 | .29 | 12.5 |
| Average..... | 116,873,633 | 2.35 | 14,841,041 | .30 | 12.7 |

¹ The number of companies varied from year to year. In 1919 there were 101 companies; in 1920 there were 105 companies; in 1921 there were 107 companies; and in 1922 there were 101 companies.

² Loss.

³ Loss of less than one-half of 1 cent.

The milling investment ranged from \$2.91 in 1922 to \$3.93 per barrel in 1920 and averaged \$3.42 per barrel for the four-year period. The stockholders' equity ranged from \$2.17 per barrel in 1919 to \$2.59 per barrel in 1921 and averaged \$2.35 per barrel.

The rate of return for the milling business ranged from 1.6 per cent in 1921 to 14.9 per cent in 1920, and averaged 10.6 per cent

for the four-year period. The rate for the stockholders' equity showed a loss of one-tenth of 1 per cent in 1921, and showed a gain during the other three years ranging from 12.5 per cent in 1922 to 20.9 per cent in 1920. The average for the four years was 12.7 per cent.

While the stockholders' equity showed a smaller average net income per barrel for the four-year period than did the milling business, namely, 30 cents, as compared with 36 cents, yet the average rate of return for the stockholders' equity was 12.7 per cent and that for the milling business was 10.6 per cent.

Section 5. Investment and net income of 47 milling companies for the six years, 1919 to 1924, inclusive.

In the preceding sections of this chapter investment and net income have been shown for the two groups of companies for different periods, namely, for 90 companies during 1923 and 1924, and for 101 companies during 1919 to 1922, inclusive. This was necessary because certain large companies reported for the period 1919 to 1922 that did not report for 1923 and 1924. (See pp. 1 and 2.)

However, there were 47 identical companies in the two groups, so that it is possible to show results for these 47 companies for the six-year period 1919 to 1924, inclusive. This gives a longer period for comparison, which is important in showing both the trend of the industry and the average results for good and bad business years, so as not to unduly emphasize temporary factors affecting profits.

The production and sales of the 47 companies are given below.

TABLE 12.—Production and sales of wheat flour as reported by 47 milling companies for 1919 to 1924, inclusive

[Crop and calendar years combined]

| Year | Production | Sales |
|--------------|------------|------------|
| | Barrels | Barrels |
| 1919..... | 20,303,684 | 20,277,136 |
| 1920..... | 21,583,148 | 21,871,486 |
| 1921..... | 18,470,490 | 18,693,899 |
| 1922..... | 20,229,848 | 20,415,162 |
| 1923..... | 21,733,738 | 22,080,436 |
| 1924..... | 21,988,228 | 22,511,522 |
| Average..... | 20,718,190 | 20,974,940 |

The production and the sales of wheat flour by the 47 companies averaged nearly 21,000,000 barrels per year during the six-year period 1919 to 1924, the sales averaging about 250,000 barrels per year more than the production. (See p. 8.)

Both production and sales were considerably smaller in 1921 than in any of the other years, and both were larger in 1924 than in any other year.

The value of sales, costs and expenses of sales, and net income are shown below.

TABLE 13.—Value of sales, costs and expenses of sales and net income for milling business and for stockholders' equity in entire business of 47 milling companies for the six years 1919 to 1924, inclusive

[Crop and calendar years combined]

MILLING BUSINESS

| Year | Value of sales | | Costs and selling expenses ¹ | | Net income | |
|--------------|----------------|------------|-----------------------------------------|------------|--------------|------------|
| | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel |
| 1919..... | \$214,789,075 | \$10.59 | \$204,142,493 | \$10.06 | \$10,646,582 | \$0.53 |
| 1920..... | 256,626,316 | 11.73 | 241,831,725 | 11.05 | 14,794,591 | .68 |
| 1921..... | 172,605,117 | 9.24 | 170,442,381 | 9.12 | 2,162,736 | .12 |
| 1922..... | 137,396,133 | 6.73 | 130,912,544 | 6.41 | 6,483,589 | .32 |
| 1923..... | 131,556,860 | 5.96 | 125,680,260 | 5.69 | 5,876,600 | .27 |
| 1924..... | 129,375,836 | 5.75 | 124,057,184 | 5.51 | 5,318,652 | .24 |
| Average..... | 173,724,889 | 8.28 | 166,177,764 | 7.92 | 7,547,125 | .36 |

STOCKHOLDERS' EQUITY

| Year | Value of sales | | Costs and all expenses ² | | Net income | |
|--------------|----------------|------------|-------------------------------------|------------|-------------|------------|
| | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel |
| 1919..... | \$214,789,075 | \$10.59 | \$205,264,653 | \$10.12 | \$9,524,422 | \$0.47 |
| 1920..... | 256,626,316 | 11.73 | 243,870,486 | 11.14 | 12,755,830 | .59 |
| 1921..... | 172,605,117 | 9.24 | 170,982,844 | 9.15 | 1,622,273 | .09 |
| 1922..... | 139,396,133 | 6.73 | 133,181,305 | 6.43 | 6,214,828 | .30 |
| 1923..... | 131,556,860 | 5.96 | 125,951,800 | 5.71 | 5,605,060 | .25 |
| 1924..... | 129,375,836 | 5.75 | 123,426,938 | 5.49 | 5,948,898 | .26 |
| Average..... | 173,724,889 | 8.28 | 166,779,670 | 7.95 | 6,945,219 | .33 |

¹ Costs and selling expenses, including miscellaneous operating losses and gains, but not interest paid on long-term loans.

² Costs and selling expenses, including miscellaneous operating losses and gains and interest on long-term loans, less gains from outside investments.

Value of sales per barrel increased from \$10.59 in 1919 to \$11.73 in 1920, and then decreased in each of the four following years to \$5.75 in 1924.

Costs and selling expenses per barrel increased from \$10.06 in 1919 to \$11.05 in 1920, and then decreased each year to \$5.51 in 1924. The net income per barrel for the milling business was greatest at 68 cents in 1920 and smallest in 1921 at 12 cents. During the last three years, it ranged from 32 cents in 1922 to 24 cents in 1924.

Costs and all expenses per barrel increased from \$10.12 in 1919 to \$11.14 in 1920, and then decreased each year to \$5.49 in 1924. The net income per barrel for the stockholders' equity was greatest at 59 cents in 1920 and smallest at 9 cents in 1921. During the last three years it ranged from 30 cents in 1922 to 25 cents in 1923.

The average net income per barrel for the six-year period was 36 cents for the milling business and 33 cents for the stockholders' equity.

The investment, net income, and rate of return of the 47 companies are shown below:

TABLE 14.—Investment, net income, and rate of return for milling business and for stockholders' equity in entire business of 47 milling companies for the six years, 1919 to 1924, inclusive

[Crop and calendar years combined]

| MILLING BUSINESS | | | | | |
|----------------------|--------------|------------|--------------|------------|----------------|
| Year | Investment | | Net income | | Rate of return |
| | Amount | Per barrel | Amount | Per barrel | |
| 1919..... | \$76,825,148 | \$3.79 | \$10,646,582 | \$0.53 | Per cent 13.9 |
| 1920..... | 92,824,532 | 4.24 | 14,794,591 | .68 | 15.9 |
| 1921..... | 73,721,501 | 3.94 | 2,162,736 | .12 | 2.9 |
| 1922..... | 71,580,915 | 3.50 | 6,483,589 | .32 | 9.1 |
| 1923..... | 75,700,504 | 3.43 | 5,876,600 | .27 | 7.8 |
| 1924..... | 77,578,957 | 3.45 | 5,318,652 | .24 | 6.9 |
| Average..... | 78,038,593 | 3.72 | 7,547,125 | .36 | 9.7 |
| STOCKHOLDERS' EQUITY | | | | | |
| 1919..... | \$54,267,816 | \$2.68 | \$9,524,422 | \$0.47 | 17.6 |
| 1920..... | 59,768,118 | 2.73 | 12,755,830 | .59 | 21.3 |
| 1921..... | 62,502,149 | 3.34 | 1,622,273 | .09 | 2.6 |
| 1922..... | 62,380,416 | 3.06 | 6,214,828 | .30 | 9.9 |
| 1923..... | 64,803,641 | 2.94 | 5,605,060 | .25 | 8.6 |
| 1924..... | 66,777,912 | 2.96 | 5,948,898 | .26 | 8.9 |
| Average..... | 61,750,009 | 2.95 | 6,945,219 | .33 | 11.2 |

The investment per barrel in the milling business ranged from \$3.43 in 1923 to \$4.24 in 1920. The rate of return for the milling business ranged from 2.9 per cent in 1921 to 15.9 per cent in 1920. During the last three years, the rate decreased from 9.1 per cent in 1922 to 6.9 per cent in 1924.

The stockholders' equity per barrel ranged from \$2.68 in 1919 to \$3.34 in 1921. The rate of return for the stockholders' equity ranged from 2.6 per cent in 1921 to 21.3 per cent in 1920. During the last three years the rate ranged from 8.6 per cent in 1923 to 9.9 per cent in 1922.

While the average net income per barrel for the six-year period was 33 cents for the stockholders' equity and 36 cents for the milling business, the average rate of return was 11.2 per cent for the stockholders' equity and 9.7 per cent for the milling business.

Section 6. Net income and rate of return of 47 milling companies compared with those of 101 milling companies for 1919 to 1922, and of 90 milling companies for 1923 and 1924.

In order to show whether the group of 47 milling companies, the operations of which have been described for 1919 to 1924 in the preceding section, are representative of the milling industry, a comparison has been made between this group of 47 companies and the

group of 101 companies described in section 4 and the group of 90 companies described in section 3 of this chapter. The group of 47 companies, as already stated, is made up of those companies that are common to both of the other groups.

The comparison between the group of 47 companies and the group of 101 companies is shown below.

TABLE 15.—Net income per barrel and rate of return for milling business and for stockholders' equity in entire business of 47 milling companies and of 101 milling companies, for the four years 1919 to 1922, inclusive

[Crop and calendar years combined]

| MILLING BUSINESS | | | | | |
|----------------------|-----------------------|---------------|----------------|---------------|--|
| Year | Net income per barrel | | Rate of return | | |
| | 47 companies | 101 companies | 47 companies | 101 companies | |
| 1919..... | \$0.53 | \$0.47 | Per cent 13.9 | Per cent 13.9 | |
| 1920..... | .68 | .58 | 15.9 | 14.9 | |
| 1921..... | .12 | .06 | 2.9 | 1.6 | |
| 1922..... | .32 | .32 | 9.1 | 10.9 | |
| Average..... | .42 | .36 | 10.8 | 10.6 | |
| STOCKHOLDERS' EQUITY | | | | | |
| 1919..... | \$0.47 | \$0.40 | 17.6 | 18.3 | |
| 1920..... | .59 | .48 | 21.3 | 20.9 | |
| 1921..... | .09 | (1) | 2.6 | 2.1 | |
| 1922..... | .30 | .29 | 9.9 | 12.5 | |
| Average..... | .37 | .30 | 12.2 | 12.7 | |

¹ Loss of less than one-half of 1 cent.

² Loss.

The average net income per barrel of the group of 47 companies for the four-year period was 6 cents greater than that of the group of 101 companies for the milling business and 7 cents greater for the stockholders' equity.

But the average rates of return of the two groups for the four-year period were practically the same, namely, 10.8 per cent and 10.6 per cent for the milling business and 12.2 and 12.7 per cent for the stockholders' equity.

The group of 47 companies appears to be representative, therefore, for the rate of return on investment during the four-year period 1919 to 1922, inclusive, but not so representative for the net income per barrel, although even in this respect it appears to have become representative in 1922 as conditions became more normal.

The comparison between the group of 47 companies and the group of 90 companies is shown below.

TABLE 16.—Net income per barrel and rate of return for milling business and for stockholders' equity in entire business, of 47 milling companies and of 90 milling companies, for the two years 1923 and 1924

[Crop and calendar years combined]

| MILLING BUSINESS | | | | |
|----------------------|-----------------------|--------------|----------------|--------------|
| Year | Net income per barrel | | Rate of return | |
| | 47 companies | 90 companies | 47 companies | 90 companies |
| 1923 | | | Per cent | Per cent |
| 1924 | \$0.27 | \$0.25 | 7.8 | 7.4 |
| | .24 | .23 | 6.9 | 7.1 |
| Average | .25 | .24 | 7.3 | 7.3 |
| STOCKHOLDERS' EQUITY | | | | |
| 1923 | \$0.25 | \$0.22 | 8.6 | 8.1 |
| 1924 | .26 | .24 | 8.9 | 8.8 |
| Average | .26 | .24 | 8.8 | 8.5 |

During 1923 and 1924 the group of 47 companies and the group of 90 companies were very close together both on the net income per barrel and on the rate of return for the milling business and the stockholders' equity.

The 47 companies may be considered fairly representative on rate of return for the six-year period 1919 to 1924, inclusive, and on net income per barrel during the three-year period 1922 to 1924, inclusive.

If the simple average is taken of the rates of return on stockholders' equity for the 101 companies for 1919 to 1922 and for the 90 companies for 1923 and 1924 the result is 11.4 per cent, while the simple average of the 47 companies for the combined period (1919-1924) is almost the same, namely, 11.5 per cent. The yearly fluctuations are quite similar as indicated in Tables 15 and 16. For convenience these rates are restated below:

| Year | 47 companies | 101 companies | 90 companies |
|----------------|--------------|---------------|--------------|
| 1919 | | | |
| 1920 | 17.6 | 18.3 | |
| 1921 | 21.3 | 20.9 | |
| 1922 | 2.6 | 10.1 | |
| 1923 | 9.9 | 12.5 | |
| 1924 | 8.6 | | 8.1 |
| | 8.9 | | 8.8 |
| Simple average | 11.5 | 11.4 | |

¹ Loss.

This comparison confirms the conclusion shown above on the basis of "true averages."

CHAPTER III

COMPETITIVE CONDITIONS IN THE FLOUR MILLING INDUSTRY

Section 1. Origin and scope.

This part of the investigation on competitive conditions in the flour-milling industry has been carried on under Senate Resolution 163, February 16, 1924, which directed the commission to investigate the flour and bread industries. This resolution directed the Federal Trade Commission, among other things, to investigate and report its findings in full to the Senate showing "the extent and methods of price fixing, price maintenance, and price discrimination; the developments in the direction of monopoly and concentration of control in the milling and baking industries, and all evidence indicating the existence of agreements, conspiracies, or combinations in restraint of trade."

The work on flour milling in this part of the investigation consisted of interviews with the officers of millers' associations and milling companies; the examination of the records and correspondence of those associations and companies, when such examination was permitted; and requests for specifically designated letters.

All of the associations visited by agents of the commission permitted the examination of their records to be made except the Millers' National Federation, Chicago, Ill., which, while permitting most of its records and correspondence to be examined, refused to permit examination of part of the correspondence, and also refused to permit copies to be made of any of the correspondence selected.

Of the milling companies visited, 17 refused to permit examination of any correspondence, and 6 either refused to permit the examination of part of the correspondence to be made or refused to permit copies to be made of the correspondence selected.

The 17 companies refusing to permit any of their correspondence to be examined are as follows:

Washburn Crosby Co., Minneapolis, Minn.
Pillsbury Flour Mills Co., Minneapolis, Minn.
International Milling Co., Minneapolis, Minn.
Wabasha Roller Mill Co., Wabasha, Minn.
Bay State Milling Co., Winona, Minn.
Ismert-Hincke Milling Co., Kansas City, Mo.
Larabee Flour Mills Corporation, Kansas City, Mo.
Midland Flour Mills, Kansas City, Mo.
J. C. Lysle Milling Co., Leavenworth, Kans.
Topeka Flour Mills Co., Topeka, Kans.
H. D. Lee Flour Mills Co., Salina, Kans.
Wm. Kelly Milling Co., Hutchinson, Kans.
El Reno Mill & Elevator Co., El Reno, Okla.
Federal Mill & Elevator Co., Lockport, N. Y.
Valier & Spies Milling Co., St. Louis, Mo.
Bernet, Craft & Kaufman, St. Louis, Mo.
Lexington Roller Mills Co., Lexington, Ky.

The three companies that permitted examination of a part of their correspondence, but refused to permit further examination, and also refused to permit copies to be made of the correspondence already selected, are as follows:

Russell-Miller Milling Co., Minneapolis, Minn.
Ballard & Ballard Co., Louisville, Ky.
Acme-Evans Co., Indianapolis, Ind.

The three companies that permitted all their correspondence to be examined, but refused to permit copies to be made of the correspondence selected, are as follows:

Omaha Flour Mills, Omaha, Nebr.
Kansas Milling Co., Wichita, Kans.
Kansas Flour Mills Co., Kansas City, Mo.

The Livingston Economic Service, Minneapolis, Minn., which furnishes cost and price statistics to a group of Minneapolis and other northwestern millers, refused to permit examination of its correspondence.

A number of companies refused to permit copies to be made of specified letters requested.

The inquiry into competitive conditions did not involve visits to milling companies located in the Rocky Mountain and Pacific coast regions.

This chapter describes competitive conditions among milling companies and milling associations for the eighteen-month period October, 1923, to April, 1925, including curtailment of production, use of a blacklist, agreements, understandings and cooperation to sell at a profit, to exchange information on selling prices, to fix the elements of selling prices, to fix uniform carrying charges on forward sales of flour, and to fix uniform differentials on the prices of flour sold in the different kinds and sizes of packages.

X Section 2. Curtailment of production.

Cooperation among wheat flour millers in the fall of 1923 first took the direction of emphasizing the need for curtailment of production. This matter was discussed at the semiannual meeting of the Millers' National Federation at Chicago, Ill., on October 12, 1923. A summary printed in the report of this meeting contains the following regarding production of flour:

It would be impracticable to publish a full report of the discussions, but there were certain outstanding features which should be read and carefully considered by all millers. These can be summarized as follows, based on conditions as reported by those who addressed the meeting, the causes for these conditions, and the remedies suggested for improvement:

Conditions in the industry—

General demoralizing conditions, attributed to production of large amounts of surplus flour.

The causes—

A milling capacity greatly in excess of our domestic needs.

Suggested remedies—

That under existing conditions it is not a reflection on the mill manager for a mill to shut down if the product can not be sold at a profit: some of the most successful millers who addressed the meeting stated that they did not hesitate to shut down when their product could not be sold above cost of production and selling.

A number of those present expressed the opinion that the whole situation was covered by one veteran miller when he said: "Make no surplus flour and you will have no trouble."

In describing the federation meeting of October 12, 1923, Frank H. Tanner, secretary of the Ohio State Millers' Association, had the following to say regarding production in his association bulletin dated October 16, 1923:

The meeting partook of the nature of one of our local meetings, with free discussion by any one wishing to take part. The consensus of opinion was that over-production was the cause of all our troubles, and many suggestions were made for overcoming the law of supply and demand. Among them were reduction of operation by agreement. Of course this would run counter to the law as being in restraint of trade. * * * One miller suggested that he had secured the cooperation of his local competitors (three of them present) by having them shut down and he to continue operation.

On December 13, 1923, A. C. Loring, president of the Pillsbury Flour Mills Co., Minneapolis, Minn., wrote Walter Stern, president of the Bernhard Stern & Sons (Inc.), Milwaukee, Wis., as follows, in regard to overcapacity:

I am willing to agree that there is a tremendous overcapacity in this country, but I do not think that we shall ever reach the point where we can mutually agree to shut down for a given number of hours, to increase the profits of the milling business. That by so doing we might be the gainer in the long run goes without saying, but as you are fully aware the competition between the millers is such, and the pressure is so great, that it is impossible to get them to agree (if they could legally do so) on any policy that would be cooperative.

There was a meeting of about 60 representatives of northwestern millers at Minneapolis, Minn., on February 26, 1924, at which curtailment of operations was discussed. C. T. Vandover, secretary of the "Southern Minnesota Mills" (a millers' association), wrote on February 27, 1924, to G. M. Palmer, president of the Hubbard Milling Co., Mankato, Minn., and also president of the "Southern Minnesota Mills," describing this discussion as follows:

Mr. W. C. Helm spoke of the curtailment of operations from their total milling capacity, and which he felt should necessarily be done by all mills, at least, those that were in position to do so. He spoke of operating 12 plants with a capacity of 13,500 barrels, and that they had shut down four of these plants, which has resulted in reducing the capacity of 13,500 to 8,000 barrels, which is now being operated by eight plants of the Russell Miller Milling Co. He favored the creation of this committee and asked that the motion prevail.

Mr. Walter Stern spoke on the reduction in output of their mill and the necessity for every miller taking the position that reduced operations must necessarily be figured in the milling grind today if they are going to be able to take a stand in securing prices which are commensurate with curtailed operations in their daily output.

Direct curtailment of production by concerted action was not emphasized thereafter, so far as the information secured by the commission shows.

X Section 3. Blacklist.

During the first part of 1924 a blacklist of customers was in use among southwestern millers. This list was furnished by C. V. Topping, secretary of the Southwestern Millers League, Kansas City, Mo., who secured it from the records of the Millers Exchange, which was then out of existence.

In this connection, the Attica Mills, of Attica, Kans., wrote C. V. Topping on January 4, 1924, as follows:

Quite sometime ago you sent us a small book, copy of which was secured from the Millers Exchange Records, in regard to buyers whom different mills have had trouble with in the past. Since we received this book, we received also a few names of buyers whom mills have had trouble with, which we are keeping very close track of.

In order to protect ourselves, we have gone over this book which you send us, and find that in territories we work a few of these names appear on our prospective lists. We would appreciate it very much if you could tell us the nature of some of these troubles with these buyers, or if you could put us in touch with parties that have had trouble in the past.

We want to check up, and our aim is to get rid of any undesirable prospect whom our salesmen call on. The following are the names of those we would like to hear about. We are giving you them on certain pages as shown below.

The letter then gave the names and address of 38 concerns, occurring on pages 6 to 107 of the book referred to above. The addresses given show that these concerns are scattered throughout that part of the country from Boston, Mass., to El Paso, Tex.

On January 5, 1924, Mr. Topping replied to the above letter as follows:

In reply to yours of the 4th we have checked over the list you sent in and those names that are not given below with the mill who had trouble with them are the Millers' Exchange list and the only thing that we know is that mills had trouble with their contracts with these parties. But we, of course, do not know who the mills were.

Elkhart Baking Co., Elkhart, Ind., Leavenworth Milling Co., Leavenworth, Kans., had trouble with this concern. The name was turned in by their secretary and treasurer, M. J. Trum, jr.

Haller Baking Co., Pittsburgh, Pa., Dodge City Flour Mills, Dodge City, Kans.

Koerner & Co., John E., New Orleans, La., The Slater Mill & Elevator Company, Slater, Mo., had trouble with this concern. The firm bought flour on 30 days' shipment, did not order it out for almost 60 days and then wanted it shipped to a point other than the one sold to, the mill cancelled the order.

City Bakery, Marshall, Tex., the El Reno Mill & Elevator Co., El Reno, Okla., had trouble with this firm. Mr. J. G. Tompkins, Asst. Sales Manager sent the name in.

Powells Home Bakery, El Paso, Tex., Snell Mill & Grain Co. Clay Center, Kans.

Sessions Flour Co., Davenport, Ia., and Van Hoozier Bakery, Iola, Kansas, Shellabarger Mill & Elev. Co., Salina, Kans.

We wish to call your attention that on page 102 it should be Thomson Bros., New Orleans, La., instead of Thomas Bros. This is one of the Millers' Exchange list also.

Mr. Topping's letter shows that he had no information as to the reasons why 31 of the concerns were placed on the blacklist which he had sent out, and as to the 7 concerns listed in his letter, he assigned a reason in one case only, that reason being: "The firm bought flour on 30 days' shipment, did not order it out for almost 60 days and then wanted it shipped to a point other than the one sold to, the mill cancelled the order."

The fact that some of the concerns listed were placed in this black list without specific grounds is shown in the following letter of February 18, 1924, from W. R. Duerr, vice president and general sales manager of the Kansas Flour Mills Co., Kansas City, Mo., to C. V. Topping, secretary of the Southwestern Millers League, Kansas City, Mo.:

I think we should carefully go over the list of undesirable customers that we have listed, since I feel reasonably sure that some of the names that now appear would again be satisfactory for the mills to sell.

For instance, in looking through the book here and there, there are some good customers that appear in this book that possibly were not at all at fault as to being listed. It might have been it was the mill's fault and I think some of these are good concerns and you should write the mill that reported them and ask them really what the difficulty was and see if we cannot get the book to be of better service than it is now.

About 90 per cent of the names are right, but there are some in here that we should take out. It might be a good idea to write all the mills if they are selling anyone listed and what experience they have had with them, and possibly that would give you a basis on which to start, since I know there are a lot of names listed in here that mills of good standing are selling and enjoying good business from them.

On May 6, 1924, R. W. Magill, secretary and sales manager of the Kansas Milling Co., Wichita, Kans., wrote C. V. Topping, as follows:

We note that Bonomo Brothers, of Utica, New York, are listed on the millers' black list and wonder if you could give us any details of what sort of a streak of yellow these fellows had, as recently we booked the firm of Frank Bonomo & Company of Utica a car of flour and doubtless he is some of the same family.

On May 7, 1924, G. V. Topping, son of C. V. Topping, replied to the above letter as follows:

Yours of the 6th to my father at hand. Mr. Topping is in the East, New York, and Washington, and will return about the 12th.

Regarding the firm of Bonomo Bros., this firm was turned in by some one in the old Millers Exchange and we have no record of whom it was; suppose it was a matter of contract or something.

We have no information regarding Frank Bonomo & Co., of Utica, although doubtless he is one of the brothers. Our records show there is also a Vincent Bonomo doing business at Utica, also we have a Joseph Bonomo at Attica, N. Y., turned in by the Nebraska Consolidated Mills Co., of Omaha,—doubtless these are all brothers or cousins. Sorry that we can give you no information regarding the party you are in doubt about, and if you care to have us make a thorough investigation of this party we will be glad to do so thru our many sources of information.

On July 3, 1924, E. W. Reed, of the Arkansas City Milling Co., Arkansas City, Kans., wrote C. V. Topping as follows:

If we are not mistaken the Toole Bakery Company of Montgomery, Alabama, have been on the "black list" at various times, for the manner in which they have handled flour contracts. You will please let us know if our information is correct, and any details you can give us will be appreciated.

On July 7, 1924, C. V. Topping replied as follows:

We find that our records do not contain the name of this firm. We were supposed to have one of the original Millers' Exchange booklets and do not find the name there. If they were on the undesirable list, we do not have any record of it.

No further information was secured as to the use of the black list by the southwestern millers.

†Section 4. Agreements, understandings, or cooperation to sell at a profit.

Considerable attention has been directed, both at various millers' meetings and through correspondence, toward securing agreements, understandings, or cooperation among millers not to sell flour at less than cost, but to sell at a profit only.

In reporting to his members the discussions on trade conditions at the October 12, 1923, meeting of the Millers' National Federation,

Frank H. Tanner, secretary of the Ohio State Millers' Association, made the following statement regarding the discussion on sales of flour:

- X Selling flour at or below cost was disapproved. Many present pleaded guilty of doing this, in order to keep the mills in operation. Some classified their sales as productive of profit, as of getting out without loss, and as selling below cost. It was the consensus of opinion that the matter was one that each must solve himself, but that all should determine not to sell without a profit. If all will do this, the problems will be solved.

On October 30, 1923, Bernhard Stern & Sons, Milwaukee, Wis., wrote to the Millers' National Federation, Chicago, Ill., in regard to low prices at which the Abilene Flour Mills Co. sold flour in Wisconsin and suggesting a plan "to enlarge on the benefits to be derived along the lines of the discussion at the recent federation meeting." The last paragraph of this letter is as follows:

We believe we are doing our part by refusing to accept business that does not represent cost or cost with a profit added. We thereby are doing a smaller volume of business, but certainly are keeping our feet on the ground.

In a circular letter dated December 1, 1923, G. M. Palmer, president of the Southern Minnesota Mills, and also president of the Hubbard Milling Co., Mankato, Minn., described a meeting of millers held in Minneapolis late in November, 1923, as follows:

- X A most important conference was held on Saturday last in Minneapolis. Mr. Bell of Washburn-Crosby, Mr. Loring of Pillsbury Milling Co., and Mr. Helm of the Russell-Miller Milling Co. were in attendance and addressed the meeting.

You are familiar with the demoralization existing in the milling business by which flour is sold at cost and less, and terms given not warranted by good business practice, and sales made for long-time deliveries, notwithstanding the fact that to do so means assuming a heavy carrying charge which cannot possibly be avoided.

Country mills have felt that the large Minneapolis mills were at least as great offenders as any, and it was with surprise and satisfaction that we had the positive assurance of Mr. Bell that they would not sell flour without a margin, that they would not sell beyond sixty days without a carrying charge, and that they had fully determined to make a profit on everything they sold, and had given up the idea that they would run their mills full time anyway. Mr. Loring agreed substantially with Mr. Bell, and Mr. Helm thought now was the time for our members to take these Minneapolis mills seriously and see if better conditions could not be brought about.

It requires no prophet to tell us that disaster is sure to overtake the milling industry if the indiscriminate cutting and slashing and unbusinesslike methods which now prevail are continued. Evidences of the result sure to follow are not hard to see. I believe that it is up to each one of our members to put his own house in order and adopt better business methods and have faith in our competitors at least to the extent of trying to do better ourselves and not listen to the statements of salesmen and buyers, but ask at least a small margin on what flour we do sell.

It was suggested that in order to be safe, at least \$1 per barrel over the cost of the wheat should be added in all cases to cover cost of milling and selling, and even this will scarcely cover any margin of profit considering the cost of carrying the flour sales and the risk of the feed market, etc.

It was also suggested that now is an opportune time to form a spring-wheat millers' association including all Northwestern mills with the view that such an organization could meet occasionally, talk over milling conditions and try to correct the abuses of our business.

I shall be glad to have your opinion as to the advisability of making an effort in this direction, also any suggestions that you may have to offer along the line of following the suggestions made by the Minneapolis millers, etc., etc.

W. B. Webb, manager of the Wabasha Roller Mill Co., Wabasha, Minn., replied to the above letter on December 1, 1923, as follows:

Your letter of the 1st. is received. I take it that you sent the same letter to the entire membership. It is a very good letter and I sincerely hope it will have the desired effect upon the members, following as it does the gathering held last Saturday at Minneapolis.

Nobody has to urge us to get a little more than cost for our flour. We simply are not going to sell it otherwise.

As to an effort to organize all the Northwestern mills into the Association. I am heartily in favor of that, if for no other reason that to equal the Southwest in that respect. I marvel at the way in which they all hang together more as a unit, and believe that the industry in the Southwest has been greatly benefited because of it. I should like to see it brought about in the Northwest. Of course, there are about three groups up here whose interests are not identical in every respect. The southern Minnesota interests do not coincide in every way with the Minneapolis interests, nor do the interests of the northern Minnesota mills share in common with the other two. But, in one thing we are all one, and that is, in the manufacture and sale of flour at a profit.

That the talk about securing a profit or margin was interpreted as relating to prices is shown by the following letter written on December 1, 1923, by F. J. Allen, general manager of the Bay State Milling Co., Winona, Minn., to Mr. Palmer:

Spring Wheat Millers' Association as referred to in yours 1st:

We are undecided. For some time, it has seemed that the demoralization existing in the milling business, with which we are all so unfortunately familiar, has been increased, rather than decreased by organization.

Recently a meeting of a large number of members of the Millers' National Federation was held in Chicago, which many thought would result in an improvement in the milling business, but it seemed to us that things were even worse after that meeting. The conference held in Minneapolis last Saturday, as referred to in your letter, also seemed to be an important one, but the prices we have come in contact with since that meeting, have been the very worst we have seen in months, and, we are sorry to say, these prices have been quoted in several cases by some of the factors who assured us so vehemently that they would not sell without a margin. If White Rye Flour at \$4.20, jute, Philadelphia, all-rail, means a margin, we are willing to give up; and if Wheat Patent Flour at \$6.00 to \$6.15, jute, Baltimore rate point, includes a profit, then we are out of the running. One of our salesmen reported only a couple of days ago that a well-known spring wheat mill is out urging its flour on the buyers on special terms of remit, or 30 and 60-day draft, pay for when sold—any old terms to get business. It makes it pretty hard for the mill that is trying to stick to arrival draft terms.

It does no good for millers to get together and do a lot of talking if they will not adhere to ordinary, common sense business practices when they get home.

Presume there will be quite a few millers in Minneapolis Wednesday, attending the Philadelphia Tidewater Terminal meeting. Before committing ourselves as to the advisability of forming a Spring Wheat Millers' Association, we would like to discuss the matter with some of these millers.

In a letter directed to Henry A. Bellows, of the Northwestern Miller, Minneapolis, Minn., and dated December 11, 1923, Walter Stern, president of Bernhard Stern & Sons, Milwaukee, Wis., wrote in part as follows:

* * * As you undoubtedly are aware, both the Southwestern millers and the Northwestern millers, have come to the realization that with the present capacity of the mills, the several millers will have to understand that they cannot all run at full capacity, and that in consequence thereof, they must base their cost calculations on a reduced output. Furthermore they have discussed among themselves and concluded that it is their own fault that their several businesses are unprofitable. It is self-evident that the only way that they can improve their businesses is by not making any sales below actual cost and if they hope to end their fiscal year on the right side of the ledger, it is necessary to add a profit to every sale that they make over and above

actual cost. A very decided strong effort is being made by a great many mills both in the Northwest as well as Southwest, in this direction. * * *

On December 11, 1923, Mr. Stern also wrote to A. C. Loring, president of the Pillsbury Flour Mills Co., in part as follows:

It was very pleasing to me to have you and Mr. Bell meet with the Southern Minnesota Mills along the lines that we did on Saturday morning. It has been our experience that the conclusions on the part of the millers has already borne considerable fruit, notwithstanding and in face of the fact that sales are practically at a stand still. While here and there we find that millers are weak enough to make sales which certainly do not represent their cost, our sales force is unanimous in reporting that prices are quite in line with ours, which represent full milling cost with a profit added to it. We are not at all discouraged that we are going through a tedious period of very small sales. We find that from the report of sales made by the Southern Minnesota Mills which we receive daily, that others in this group are doing just as little as we are. I think that the opinions expressed in the meeting we had can only redound to our benefit, and it is up to the millers themselves to see that the returns from their enterprises are in keeping with the large investment and hazards natural to our business.

Did you read Mr. L. E. Moses' letter which was read at the Southwestern Millers Association meeting recently, and which was printed on page 878 of the November 28th issue of the Northwestern Miller? On page 22 of the Modern Miller (issued Dec. 1st) there is a small editorial headed "Price Cutting On the Wane," which, together with the reports of the many correspondents in the Northwestern Miller as well as Modern Miller, indicate that both in the Southwest as well as Northwest, the resolution on the part of the millers in general is to hold prices firmer and in line with cost calculations based on a reduced output, are actually being carried out. While there will always be some millers who will depart from the best practice in the way of adhering to reasonable prices and proper terms, we feel confident that by coming together occasionally and informally discussing our trade problems such as we did recently, will very materially lift our industry to the basis where it should be, and that is, with a proper profit return, even under the prevailing circumstances as they apply to our industry at the present time.

On December 12, 1923, Mr. Stern wrote a letter to James F. Bell, vice president of the Washburn Crosby Co., Minneapolis, Minn., containing the identical two paragraphs quoted above. On December 13, 1923, Mr. Stern wrote letters containing these two paragraphs to other millers. (See p. 27.)

On December 13, 1923, Mr. Loring replied to Mr. Stern's letter of December 11, 1923, as follows:

I am in receipt of your favor of December 11th, and have re-read Mr. Moses' letter in the Northwestern Miller, to which you referred.

Unfortunately, I cannot come to the same viewpoint that he evidently does. I am willing to agree that there is a tremendous over-capacity in this Country, but I do not think that we shall ever reach the point where we can mutually agree to shut down for a given number of hours to increase the profits of the milling business. That by so doing we might be the gainer in the long run goes without saying, but as you are fully aware the competition between the millers is such, and the pressure is so great, that it is impossible to get them to agree (if they could legally do so) on any policy that would be cooperative.

I have had hopes that we might possibly reach an agreement as to methods of conducting business, placing them on a sound, practical basis as to terms and conditions of sale and the enforcement of same, that might work out materially to our advantage. We are all interested in conducting business on good, sane, sound principles, and we should be able to agree on what those principles of doing business are. It is insane, in my judgment, to sell flour as it has been sold this year, and yet competition has been responsible for it in part. There is nothing, as I understand it, illegal in agreeing on the terms on which flour should be sold to all customers, and the period of time which they should have in which to take it out; but I am not over-sanguine on millers arriving at anything that can be depended upon.

We, unfortunately, have not found a very great improvement in the attitude of the mills since we had the pleasure of seeing you here at the Edgar reunion. Cutting goes on continually, without bringing about any material advantage, as I do not believe today a cut in price would stimulate the business to any extent.

On December 18, 1923, Mr. Bell replied to Mr. Stern's letter of December 12, as follows:

On my return this morning I find your good letter of December 12th. I assure you it was indeed a pleasure to see you here and I am only sorry that the many engagements of the Northwestern Miller prevented us from extending some courtesies which would have given us added enjoyment.

As to the meeting with the Southern Minnesota Mills, I am glad to have you speak so encouragingly of it and I hope it was productive of good results. There are always those who will depart from the ways of good commercial practices. That is to be expected and we can only trust that experience alone will teach some of these fellows the necessity of different methods.

I quite agree with you it would be advisable to get together frequently. I have been turning over in my mind a new idea of a Millers' Service Bureau which could deal with factors that go to make price and not the prices themselves; in other words, something that would help us to speak a common language, which we do not do today.

We are still maintaining the policy I outlined before the meeting. It is difficult during times of light sales to withstand the pressure that comes from ones sales department. They are always confident the business is passing to competitors and feel a lower price would stimulate sales. However, even in the face of apparently declining sales we have maintained a rigid policy as to making a profit on all orders, and I intend to see this through. It is just a question now of being able to keep ones nerve and I assure you I have not lost mine.

With kindest personal regards and best wishes for the season, I remain

On December 19, 1923, Mr. Stern replied to the above letter as follows:

Thank you very much for your kind letter of December 18th, which is much appreciated. I naturally was particularly interested with your writing that you were turning over in your mind a new idea of a Millers' Service Bureau, and I trust that when you have this sufficiently formulated, that I will hear further from you regarding the same.

May I permit myself to urge strongly that you personally attend the meeting of the Millers' National Federation to be held in Chicago on January 15th, which as I understand it, is called specifically for the purpose of seeing as to how things can be improved in a general way in the milling industry.

It is exceedingly encouraging to have you write that even in the face of declining sales, you are going to maintain a rigid policy as to making a profit on all orders.

I want to say in all sincerity, that you have the ability and the prestige to be a leader in our industry toward better things.

With very kindest personal regards and best wishes for the coming holidays, I remain,

In reply to Mr. Stern's letter of December 13, 1923, referred to on page 26 above, W. L. Harvey, of the International Milling Co., Minneapolis, Minn., wrote on December 18, 1923, as follows:

I am glad to have your letter of the 13th and to know that you feel there has been a decided improvement in prices asked for flour relative to cost. So far as we are concerned we have done little or no business since the 1st of December and have had so few chances to do business that it seems right now price cuts very little figure. Whether, when there is some renewed interest in flour, the mills generally will hold to their good resolutions remains of course to be seen. There is no doubt that in the long run a basic industry such as ours is bound to be conducted at a profit for the group, whatever may be the experience of individual members of the group. The one encouraging feature in the situation is that the two biggest factors in the milling business express themselves as disposed to hold for better prices.

We do not feel discouraged at the outlook.

In reply to Mr. Stern's letter of December 13, 1923, W. H. Sudduth, vice president of the Commander Mills Co., Minneapolis, Minn., wrote on December 15, 1923, in part as follows:

I am pleased to acknowledge receipt of your letter of December 13 and I am sorry to be obliged to admit, however, that our experience so far has not been just the same as yours.

It is true that our salesmen report that our prices are in line on an average, but every day sales are made way under our prices, and we have lost considerable business in the last thirty days. We have been forced to make some sales in order to hold desirable accounts; and these sales have been made on a lower basis in the last two or three weeks than sales we made to the same class of trade earlier in the fall. We have done very little business, but what we have done, I think, has averaged lower than it would have previous to our meeting. We, however, are not at all discouraged and believe as you do that there is a vast amount of good to be gained from fairly frequent meetings of the millers.

We attribute present conditions to the fact that everyone is short shipping instructions and is trying very hard to keep the mills running. The unfortunate part of the whole proposition, as I look at it, is the fact that most of our competition is among our own Southern Minnesota Mills. We do not hear very much about Washburn-Crosby Company, Pillsbury, or Consolidated, but we hear a whole lot about a number of the Southern Minnesota mills. I presume the other Southern Minnesota Mills hear about us.

In reply to Mr. Stern's letter of December 13, Everett, Aughenbaugh & Co., Waseca, Minn., wrote on December 17, 1923, in part, as follows:

Upon my return this morning I find your esteemed favor of the 13th. I quite agree with you that meetings such as the one to which you refer are not only enjoyable but very beneficial, although it seems strange that such meetings are necessary to bolster up "the other fellow" as we are all pleased to term it.

From what I have learned from chin with the Sales Department this morning I am afraid that I cannot consistently say that we have observed any particular improvement in the general situation although we are rather inclined to believe we can see an improvement in prices in a few of the worst spots. I am trying to be good, but I am frank to confess that when our accounts were attacked so hard by trade pirates three years ago I decided to fight; we just simply rolled up our sleeves and went at it and it is desperately hard to stop. You know, Major, it is human nature to enjoy a good fight, especially if a person is on the winning side and making a little money beside.

Business seems to have become more stagnant during the past two weeks than any conditions this company has experienced for a long time. In fact, during this period the attention of our men has been turned to securing shipping directions rather than new business and the results are about as satisfactory as going to the Superintendent of the Poor House and asking him for a million dollar loan.

I have not read the articles to which you refer but have the last five issues of the Northwestern Miller and some of the other trade papers piled up on the corner of my desk for perusal within the next day or two.

Hasn't Mr. Husband scheduled a federation get-together for January 15th? I do not know to just what degree these big meetings are effective but I do believe that a small gathering of millers now and then is highly beneficial as well as pleasant.

In his annual report dated April 15, 1924, A. P. Husband, secretary of the Millers' National Federation, thus describes the effects of the cost and profit discussions at the federation meetings of October 12, 1923, and January 15, 1924:

The semiannual meeting on October 12, 1923, was unusual in its character, in that there appeared to crystallize at that meeting a sentiment that it was foolish for millers to continue longer the practice of selling flour at or below cost. There was a frank exchange of experiences, a number of millers confessing to their share in creating the condition which existed in the trade.

However, there seemed to be a feeling that it was time to call a halt, and a number of those present left the meeting with the determination that they would sell no flour that did not show cost and a reasonable profit.

A somewhat similar meeting was held at Hotel La Salle, Chicago, on January 15, 1924. No program was prepared for this meeting, no committees appointed and no resolutions passed, but it developed into an experience meeting in which many millers recited their experiences under methods of operation as suggested at the October meeting, of accepting no orders that did not show cost of manufacture and a profit.

It is generally agreed among the trade that the beneficial effects of these two meetings were far reaching; smaller groups of millers have met several times since these meetings were held and the same general sentiment prevailed throughout these local or sectional meetings. As a result there is no doubt a better trade condition now than existed six months ago.

The interest in the agreement to sell no flour except at a profit, and thus to affect prices, was not confined to the northwestern millers.

On January 23, 1924, the executive committee of the New York State Millers' Association, Buffalo, N. Y., sent out the following:

SPECIAL LETTER

To New York State Mills:

It is generally accepted as a fact that the milling business has been more badly demoralized during the last two or three years than at any time in the last quarter of a century.

There has existed, possibly to a greater extent than ever before, a general policy of unreasonable price cutting.

The principal subject to be discussed at the meeting of January 29th, is to see whether these conditions cannot be improved.

Your presence is wanted. You can help to improve these conditions.

If you have not already advised that you will be there, will you not please do so by return mail?

In a circular to members dated February 7, 1924, regarding the meeting of January 29, Fred E. Pond, secretary of the New York State Millers' Association, reported the following regarding not selling except at a profit:

Later on the report of the federation meeting of Jan. 15th was taken up by Mr. Lingham and discussed by paragraphs, etc., and emphasis was laid on the necessity of millers adhering to a determination to sell no flour that did not show a profit over cost of production and selling.

It was pleasing to note the keen interest displayed by the Members by their participating in a general discussion on the milling conditions as they exist at this time. Many points were brought out showing lack of consideration of important factors entering into the real cost of *production and operation of sales departments* which if taken into consideration would tend to a greater uniformity in the sale of flour. While it is the right of every person to dispose of his product upon any basis he may see fit, it must at the same time be recognized and admitted that he is entitled to a fair profit over and above all items of cost including a reasonable allowance for his own services.

It was brought out very forcibly that if these conditions were reasonably complied with the milling industry would be in a healthier condition than it is at the present time.

In order that you may have a schedule showing the different factors which you are entitled to consider in determining a proper cost for your flour, we are enclosing herewith a schedule as approved by the Federal Trade Commission and referred to in Mr. Husband's remarks.

The statement in the last paragraph quoted above is explained in Mr. Pond's circular of February 7, 1924, as follows:

As indicated in the call for the meeting many of the mills realized the need of examining into the basis of their individual operations, looking toward a renewed activity in the milling industry and Mr. Fred J. Lingham was called upon to speak on the necessity of millers knowing their cost of manu-

lacture under operating conditions as they are at present, not as they were at some time in the past. He reviewed a number of items which he stated should be considered and stated many millers failed to consider them, and he endorsed a suggestion offered at the Federation Meeting at Chicago on Jan. 15, 1924, that a committee be organized to interest millers in the subject of cost accounting.

(Mr. A. P. Husband, Sec'y Millers' National Federation, Chicago, in referring to Mr. Lingham's remarks, stated that a few years ago a committee of successful millers had been appointed by the Federation for this purpose, and that this committee had drafted a diagram of items that should be considered by all millers in arriving at the actual selling cost of a barrel of flour. This diagram was submitted to the Federal Trade Commission and pronounced as "sound" by the accountants for the Commission.)

On February 18, 1924, E. D. Lysle, of the J. C. Lysle Milling Co., Leavenworth, Kans., wrote F. D. Stevens, secretary of the Kansas Millers' Club, Wichita, Kans., in part as follows:

Mr. Bell of the Washburn-Crosby Company announced, at a recent meeting in Chicago, that his company would not sell any flour at a loss, irrespective of what others are doing. The little Mills have always feared the competition of the big Mills, and now when the head of the largest Milling Company in this country announces, publicly, that Washburn-Crosby will no longer book flour at an actual loss, then it seems high time for we little fellows, to follow this example.

We, therefore, strongly recommend that all Millers' Clubs adopt the slogan "No Sales at a Loss" and bend their utmost efforts to put this policy into operation.

The various meetings of millers during the fall of 1923 and the early part of 1924 to discuss selling at a profit and other trade matters resulted in the following comment by the New York correspondent in the Northwestern Miller of February 13, 1924:

Even in the face of few sales, mills have been holding firm especially in the Northwest, whence very few cut prices were quoted. It was felt through the trade here that a number of northwestern and Wisconsin mills are in conference, resulting in their quoting identical prices for flour. This has caused considerable comment as buyers feel that these prices are too high and are unwilling to purchase while this combination is in force. Some of these brands are not at all well known, so it is felt that the attempt to rate them as high as well established ones is foolish.

In the Southwest one or two mills were able to make prices that apparently were reached by dividing the output by mortgage, adding the number of employees and subtracting the date of the president's birthday. They were certainly not consistent with the price of wheat and operating expenses and, the flour being of fair quality, they harmed legitimate business.

Objections to the above article were raised by B. B. Sheffield, president of the Commander Mill Co., Minneapolis, Minn., in the following letter written on February 28, 1924, to W. C. Nichols, vice president of the Northwestern Miller, Minneapolis, Minn.:

I am quite willing to admit that the Northwestern Miller is one of the "newsiest" sheets in existence but I am hoping that it will investigate reports before putting out as practically a fact information that is certainly injurious to the flour trade.

I do not know of any "collusion" of mills on flour prices and I do not know that millers have ever gotten together with a view to establishing prices on flour.

This article that I enclose reads—

"This has caused considerable comment, as buyers feel that these prices are too high and are unwilling to purchase while this combination is in force. Some of these brands are not at all well known, so it is felt that the attempt to rate them as high as well established ones is foolish."

I do not think that this is a very serious matter but I think that the Northwestern Miller should avoid any intimation that the Millers get together for any

purpose whatever. I presume this rumor started by the fact that the Millers got together, just as we did the other day, but there was no attempt to make any fixed price on flour or to do anything except to open the eyes of some of the millers who do not figure cost and are quoting flour way beyond reason. There was not a word said at that meeting about price fixing. There never will be any price fixing by Millers. It is simply out of the question but the few lines in your good paper goes further towards making the flour buyers think there is a "combination" than anything else that could be done.

That Mr. Sheffield's letter of February 28, 1924, quoted above, was self-serving, is indicated by the following paragraph from a letter of February 29, 1924, written by J. M. Quilty, secretary of the St. Paul Milling Co., St. Paul, Minn., to G. M. Palmer, president of the Hubbard Milling Co., Mankato, Minn.:

I was unable to be at the meeting last Tuesday as I was recuperating from a recent minor operation, but our Mr. Kelm was there. He reports it was a mighty fine meeting. He was particularly impressed with the apparent sincerity of the big fellows to secure better prices and handle their trade on a more businesslike basis in future. Perhaps better times are in store for spring wheat millers generally.

And in replying to the above on March 1, 1924, Mr. Palmer wrote:

I was sorry you were not present in person and also sorry I did not have an opportunity of meeting Mr. Kelm as there were one or two matters that I wanted to take up with you people. I took up my two sales managers but neither of them met Mr. Kelm.

The meeting was certainly an encouragement to everyone present and I am much in hope something will develop that will be of benefit. Of course when one is deathly sick it takes a long time to recuperate and I am not looking for any immediate change in the business but I certainly believe the meeting was well worth while and that we shall see some benefits from it in the not distant future. If we can come together occasionally and talk matters over it seems to me that it would result in real benefit.

On the same day Mr. Palmer wrote to H. H. King, of Minneapolis, Minn., regarding this same meeting, as follows:

I am getting some rather interesting letters from different millers in regard to the meeting held last week and apparently there is very great interest in it.

I was told by one of the big men who seems to have gotten on to it in some way that Mr. Lund of the Atkinson Milling Co., was sitting right behind Mr. Wright of Menomonee who spoke about some mill [illegible word] practice of sending out very low quotations all over the territory. This man says that Mr. Wright held in his hand a letter of the Atkinson Milling Co. and as Mr. Lund was sitting immediately behind him he could probably notice just what he had in his hand and what he referred to and that immediately Mr. Lund got up and went out. I know that he went out but did not know it had anything to do with what Mr. Wright had said.

The Atkinson Milling Co. has the reputation of being the worst cutters in the business. Do you suppose any influence can be brot to bear upon that concern to refrain from making such prices and of broad-casting their quotations everywhere? The St. Paul Milling Co. has been pretty bad themselves but this gives us a change to take the matter up with them and possibly it may do some good.

On the same day Mr. Palmer also wrote to the L. G. Campbell Milling Co., Blooming Prairie, Minn. regarding this meeting as follows:

We think we can notice a disposition on the part of millers to adhere to better business policies and firmer prices. The meeting in Minneapolis this week we believe was a step in the right direction and we are hopeful that there may be cooperation between millers and a discontinuance of some of the practices that have helped to demoralize the industry.

So far as the information obtained by the commission goes, there was little comment after this time between mills, in correspondence or at meeting, on the question of selling at a profit or of securing a price that would show a profit above cost.

X Section 5. Agreements, understandings, or cooperation to exchange information on prices.

The exchange of information on prices of flour was carried on through many of the millers' associations prior to the time this matter was taken up by the Millers' National Federation at its meeting of October 12, 1923, at Chicago, Ill. But the systematic exchange of price information between the milling companies themselves, especially the checking up of alleged low prices, dates largely from the impetus given at the federation meeting referred to above.

In announcing this meeting in a circular issued October 1, 1923, A. P. Husband, secretary of the Millers' National Federation, stated:

The semiannual meeting of the federation will be held in East Room of Hotel LaSalle, Chicago, on Friday, October 12, 1923, beginning promptly at 10 a. m.

All members of the federation are urged to attend this meeting which is called for the purpose of having a frank discussion of the present unsatisfactory conditions in the industry and plans that may be proposed for improving these conditions.

The present difficulties are not confined to any one locality or to any particular class of mills; all are affected alike. It is hoped that out of this meeting will come practical suggestions for improvement in trade conditions, and you owe it to yourself and the industry to attend and participate in the discussions: to speak frankly as one miller to another and to offer plans for improving conditions. Decide NOW that you will attend and make your plans accordingly.

The printed report of the federation meeting of October 12, 1923, summarizes the discussion on prices as follows:

That the remedy for existing conditions is in the hands of each individual miller, beginning with an immediate return to sound ethical business methods.

That sales managers be instructed that the successful operation of the business is based upon sales showing a profit over cost of production and selling, and not on percentage of mill operation.

That sales managers be informed that in the future the term "counter offer" is obsolete.

That mill managers "budget" both their sales and cost of production and selling; and that having arrived at the cost of producing and selling such amounts of flour as they can reasonably depend upon, the cost of producing and selling be computed on a barrel basis and that figure used in determining the selling price.

That having established a selling price, it should be maintained, and sales managers held to account for its being maintained.

That millers should have faith in each other, and instead of accepting unconditionally reports as to selling prices and terms, have them verified by telegraphing or telephoning to, and trying to ascertain facts from, the one accused of uncommercial practice.

The report containing the above quoted paragraph was sent out by the secretary to the more than 1,200 members of the federation on October 25, 1923, under a covering circular letter reading in part as follows:

There is enclosed herewith a copy of Report of Proceedings of the semiannual meeting of the federation, held at Chicago, on Friday, October 12, 1923. Practically the entire sessions were devoted to a discussion of present unsatisfactory conditions in the milling industry, and suggestions for improving these conditions. It was a "family gathering," and those who addressed the meeting were unusually frank in their statements regarding conditions and the causes for same. The discussions are not printed, but the suggestions made are

printed in brief paragraphs; we urge every miller to read them carefully and after familiarizing himself with the suggestions made for improvement, to put them into practice NOW in his business.

In connection with an exchange of price information, Walter Stern, president of Bernhard Stern & Sons, Milwaukee, Wis., wrote to F. J. Allen, general manager of the Bay State Milling Co., Winona, Minn., on October 18, 1923, in part, as follows:

Following up the impressions that we received at the Chicago meeting, I am satisfied that it is strictly up to the millers to improve their own individual returns in the way of prices secured.

In replying, on October 22, 1923, Mr. Allen wrote, in part as follows:

Judging from some of the prices that have been reported to us by our eastern sales agents, the Chicago meeting apparently did but little good. Our Pittsburgh man has been pounding us very hard to book our Standard Baker's Patent at \$6.60. We have turned the business down. Several buyers have made firm offers at this price. We have the offers, but have not accepted them. These buyers have in turn told other salesmen that we are selling at \$6.60 and then our competitors' salesmen report the \$6.60 price to their mills. This morning we have a letter from our Pittsburgh man, advising that "Daniel Webster" sold in Pittsburgh at \$6.15, jute. We do not believe it.

* * * The writer was in Minneapolis a couple of days last week, and the few millers he talked with did not seem to be going out of their way to get high prices. The Chicago meeting was a good one, but when you stop to consider it, quite a few millers were not represented, and particularly the larger ones—Pillsbury, W. C. Co. Our Milwaukee man writes us that "Pillsbury's XXXX Best" sold in Milwaukee on the 17th at \$6.20 bulk warehouse delivery, and that they allowed 35¢ per bbl. for buyer's sacks.

On October 24, 1923, Mr. Stern replied in part, as follows:

The writer is under the belief that considerable can be done by the millers themselves in improving general conditions in the industry by occasionally writing some brother miller inquiring as to the truth of a reported low price quotation or sale. We are doing this from time to time, and find that it has its advantages.

We are not making very large sales, and do not regret this circumstance, in view of the fact that what sales we do make, are on a pretty fair basis. We are holding firm for our so-called 95% Patent on the basis of \$5.75 bulk Minneapolis, and while we are just as you are, turning down business at a lower price, we think it is most advantageous to do this in our interest. On the whole, we are under the impression that outside of the big markets, and perhaps sales to the very largest buyers, prices are on a better basis relative to cost than in the recent past.

On December 19, 1923, J. M. Quilty, sales manager of the Saint Paul Milling Co., St. Paul, Minn., wrote to G. M. Palmer, president of the Hubbard Milling Co., Mankato, Minn., regarding prices, and also the formation of a proposed northwestern association. The final paragraph of the letter was as follows:

Pending the formation of the proposed northwestern association we will be most happy to exchange price information with you at any and all times.

On December 20, Mr. Palmer replied to the above letter as follows:

I have noted your favor of the 19th with much interest. I am considering the matter of calling a meeting of spring-wheat millers in order to talk over the abuses and unbusinesslike conduct that has become quite prevalent in our industry. I have no thought of anything in the line of price-fixing but there are many abuses which have grown up that ought not to be tolerated and if we could get together and get acquainted with one another and have a little confidence in one another I believe it would be a fine thing for the industry. I do not know as yet whether such a meeting will be called or not but if it is you will of course receive notice in due time.

In the meantime I believe it would be a mighty fine thing if every one felt free to consult with other millers in regard to alleged prices, etc., and we frequently find that misstatements are made as to what prices are being made by competitors.

On December 28, 1923, Walter Stern, president of Bernhard Stern & Sons, Milwaukee, Wis., wrote, in part, as follows to H. M. Meech, president of the Red Wing Milling Co., Red Wing, Minn., regarding exchange of price information:

Our sales manager, to whom I showed your letter, said that "if Mr. Meech were here, I would like to tell him in the most courteous manner as I could so that he would not misunderstand me, that Red Wing Special in New Castle is sold, speaking generally, unnecessarily low, which makes it very difficult for us to secure a proper price for our 'ATLAS FANCY FLOUR' from our jobber, who has so frequently complained that on account of the low price at which Red Wing Special was being sold, that he could not pay our price on 'ATLAS.' * * * I feel confident, therefore, that you will agree with me that an exchange of information from time to time in this way will be helpful and constructive, and at the same time by no means detrimental to our representatives or our customers.

Will you be kind enough to return the enclosure for our files.

It is well in all cases to go right to headquarters to get correct information as the best of us are apt to be misled unless we do so—I wonder whether Ceresota is actually being jobbed at \$7.00 and whether the jobber really bought the same at \$6.25. While naturally, we are very proud of the standing of "ATLAS FANCY FLOUR," there is a limit as to the price that we can secure for the same. And perhaps it would be interesting for you to ascertain as to whether the information regarding Ceresota is correct. If you do seek any information in that regard it would be appreciated by us if you would advise us accordingly.

On December 31, 1923, Mr. Meech replied as follows:

Your letter of the 28th certainly made us feel good and proves to us that the information which our salesman sent along is far from being true. It looks to us as if our jobber was trying to beat us down in our price by furnishing such information. We are returning the salesman's report and hope you will feel free to call upon us at any time when you are making similar investigations.

You asked us to report in regard to the reply from the Ceresota mill. They advised us that they, of course, know nothing about what their flour was being resold at but they would dispute the statement as to their selling their jobber at \$6.25 per barrel. They stated that they had sold all the way from \$6.70 to \$7.00, the former figure was the lowest that they had made in any flour booked to this party on this crop.

We are sorry that your sales manager feels that our jobber is a bad competitor at that point and we fully realize he is a hard man for us to manage and try and make him maintain his price. We try to do this by holding our price up and are endeavoring to instill a little confidence. We will do our best to educate him to avoid making any unnecessary low figures.

The Ceresota flour mentioned above is manufactured by the Northwestern Consolidated Milling Co., Minneapolis, Minn.

A second meeting of millers was called by the Millers National Federation for January 15, 1924. In referring to this meeting a circular dated December 27, 1923 and signed by A. P. Husband, secretary, stated:

There will be another "Experience Meeting" of members of the Federation in the East Room, Hotel LaSalle, Chicago, on Tuesday, January 15, 1924. No doubt some of those who attended the October meeting will be prepared to tell by that time the results of carrying out suggestions made at that meeting. We are sure that every miller will get enough encouragement from this meeting to pay him for coming. No reports, no committees, no program; just an opportunity for millers to frankly exchange views in a helpful way. COME.

The meeting was held on January 15, 1924, and in reporting what occurred Secretary Husband made the following statements in a circular dated January 18, 1924:

The necessity of injecting some "backbone" into the milling industry, at once, was the burden of numerous statements by millers at the meeting called by the Federation and held at Hotel LaSalle, Chicago, on Tuesday, January 15, 1924. It was repeatedly stated that much good had resulted from the meeting on October 12, 1923, but that millers individually must be brought to a realization that the present situation in the industry is of their own making, and that the remedy is in their own hands.

Several suggestions were made during the course of the meeting that should have the attention of millers. They are:

"1. That millers lack faith in each other, and accept as facts statements made by salesmen, brokers and buyers as to ridiculous prices and terms made by other millers. Investigation has shown that most of these reports are lies, told for the purpose of 'bearing' the price of the miller to whom such reports are made. Conduct a few experiments by telephoning or wiring the other miller, and see if we are not correct in this."

It may be all summed up in a few terse statements: Figure your cost of production and selling on the basis of your actual present operation (probably 50 per cent), and current market prices for wheat, sacks and other supplies; name your prices accordingly and insist on getting those prices, refusing to consider so-called counter-offers regardless of who submits them.

The above-described meeting of January 15, 1924, was attended by James F. Bell, vice president of Washburn Crosby Co., Minneapolis, Minn., and by A. C. Loring, president of the Pillsbury Flour Mills Co., Minneapolis, Minn., neither of whom had attended the federation meeting on October 12, 1923.

On February 12, 1924, W. H. Cahill, sales manager of Bernhard Stern & Sons, Milwaukee, Wis., wrote to James F. Bell, vice president of the Washburn Crosby Co., regarding a reported sale of Washburn Crosby's Gold Medal Flour to a baker at St. Charles, Mich., at a price 55 cents per barrel less than Bernhard Stern & Sons had quoted the same baker on Spearhead flour. The final paragraph of Mr. Cahill's letter was as follows:

We would appreciate very much indeed your advising us as to the correctness of the information received from our salesman if you care to do so.—We are seeking this information in line with the privilege which you were kind enough to grant your competitors at recent meetings of millers to check up with you on information concerning your prices.

Whether Mr. Bell answered the above letter is not known. In any case, the commission secured no copy of any answer.

On January 30, 1924, H. H. King, president of the H. H. King Flour Mills Co., Minneapolis, Minn., wrote to H. R. Harmer, of the Hubbard Milling Co., Mankato, Minn., regarding a sale made to a baker at \$6.50 bulk, the final paragraph of the letter being as follows:

We are very glad to hear from you in this way and certainly will be glad to cooperate with you on this price question. We think the buyers are lying to us unmercifully and that our salesmen are believing them.

There had been some exchange of price information among southwestern millers during 1923 even before the Chicago meeting of October 12, 1923, but during 1924 this exchange became more systematic.

On February 15, 1924, John W. Cain of the Midland Flour Milling Co., Kansas City, Mo., wrote to Ralph Sowden, of the New Era Milling Co., Arkansas City, Kans., regarding a low price to the Schmidt Bakery, Harrisburg, Pa., reported as having been made on a New Era Milling Co. brand of flour. The concluding part of this letter is as follows:

It is not my intention to be inquisitive, but inasmuch as millers are generally trying to better things and inasmuch as it is of the highest importance that our salesmen be impressed with the fact that the information they pass to the mill must be reliable, I am wondering if you would mind telling me whether or not the dope I have received is correct.

Our regular price in that territory on 95% is \$6.60 jute, Philadelphia rate and I do not mind saying that we have done very nice business this week with bakers at that price. We also booked short patent flour in fairly good sized lots to bakers this week at \$6.85 bulk, New York rate, with 15¢ commission included. These sales, however, were not in New York City, but they were in lots of 2,000 barrels or more.

I can assure you that any time you want any information from us we will be glad to cooperate with you by giving it to you and I hope you will not think I am overly inquisitive when I write you the sort of a letter that I have herewith.

In replying to the above on February 18, 1924, the New Era Milling Co. wrote in part as follows:

We have your letter of February 15th and regret to inform you that we have made no sales to the Schmidt Baking Company of Harrisburg, Pa., since January 1st, and we do not know how you secure any such information as was mentioned in your letter regarding the sale of Polar Bear to these people.

We have an agent in Harrisburg who has been handling our account for several years past, who bought considerable Polar Bear when the new crop started to move at a price considerably under present quotations, and it is just possible that this flour has been offered the Schmidt Bakery recently at a price such as you mention.

Mr. Cain, of the Midland Flour Milling Co., replied to the above on February 21, 1924, in part as follows:

Thank you very much for your favor of February 18th regarding the Harrisburg situation. This is evidently one of the cases where long time shipments operate against the welfare of the millers, for we would judge that probably your Harrisburg jobber must have bought for season shipment, or else he bought for three or four months delivery and is carrying the stuff along as so often happens. The dope that we had on this was that Schmidt Bakery had bought from you for shipment up to July 1st.

We certainly appreciate your letter and we want to say that if at any time you have anything you would like to take up with us, we would be very glad to hear from you and we will answer you as frankly as possible. It will certainly pay the millers to work together in trying to better conditions. We want to assure you that we will cooperate with you at any time toward accomplishing this end.

On March 7, 1924, Charles M. Todd, secretary of the H. D. Lee Flour Mills Co., Salina, Kans., wrote to the New Era Milling Co., Arkansas City, Kans., regarding a complaint from a New Orleans broker that Polar Bear flour was selling at \$5.50 to \$5.70 in cotton sacks, and that the H. D. Lee Flour Mills Co. prices were from 50 to 55 cents higher than quotations by other reliable mills. Continuing, Mr. Todd wrote:

So much misinformation has been circulated during the last several months, that we do not believe that you made any such quotation there and feel that somebody has made a mistake somewhere. We are under the impression that you are one of the mills that gets good prices for its products. It is not our

desire to pry into your affairs but we feel that if our broker has given us the wrong information, you would be glad of an opportunity to correct it.

A nearby mill wrote us the other day regarding a sale we had made in the East, which was reported to them at a certain figure; the fact was that the sale was made at twenty cents per barrel higher than reported and we were glad to so advise them. We are convinced that if the mills would check up these low price reports by brokers, salesmen, etc., that they would find a lot of it simply propaganda to beat prices down and keep them at a less than cost basis.

Answering the above letter on March 10, 1924, the New Era Milling Co., wrote:

The flour referred to by your New Orleans broker is undoubtedly flour that is being offered from old stock. Our agents there had an old contract and probably figured that they would try to move it at a price. This is only an instance of our making a long time contract which we all know is a bad practice.

You are not prying into our affairs at all in writing us concerning conditions as you find them on the territory as it is only by the exchange of such information that the industry as a whole will be benefited.

Our price at New Orleans is \$6.10 but our volume of business amounts to very little there. With the market on mill feed declining, flour prices will have to be advanced unless we get a radical decline in wheat.

On April 11, 1924, C. L. Beckenbach, of the Rodney Milling Co., Kansas City, Mo., wrote to the New Era Milling Co., Arkansas City, Kans., regarding a plan for exchanging prices. The letter is as follows:

A few days ago, several millers were discussing the mis-information that comes to us in regard to prices, etc. In times past, this information was treated as correct, and after having acted on it, was found to be without foundation so many times that it is expedient that some steps be taken to eliminate as much as possible a recurrence.

A few millers of late have written direct to a miller who was reported to be quoting cheap prices, and in most cases, have found that the mill was being mis-quoted. This has happened so often that the suggestion has been made that if a group of millers would write each mill that was reported to be cutting prices, in order that a fictitious price would be proven false before it harmed anyone, it would prove beneficial.

The thought is that if a miller was really cutting prices, he would stop it as soon as he found that it was public knowledge. If, however, the price that he was reported having quoted in a certain market was false, we would be set right at once; thus eliminating a very detrimental factor.

At a meeting the other day, a list of mills was picked at random, as per enclosed list. Some of the mills thereon already have consented to co-operate. The idea is that whenever one of the mills on the enclosed list meets up with or hears of a low price, to immediately write the mill in question for verification, and to send a copy of the letter to the balance of the mills as listed, who would take this as a signal to write the miller as though the information came from a representative. The psychological effect is going to be good, and we believe will practically eliminate less than cost prices, which have been a night mare for so long.

Won't you please tell us whether or not this appeals to you, and if you will lend your co-operation.

A list of 14 milling companies was attached to the letter.

On April 12, 1924, the New Era Milling Co. replied as follows:

This morning's mail brings your letter of the 11th with the suggestion that we might help conditions if a group of millers would write each miller that was reported to be cutting prices. The plan, I believe would tend to help eliminate the less than cost prices and we will be glad to co-operate with you in helping to make it workable.

The Rodney Milling Co., on April 23, 1924, again wrote to the New Era Milling Co. as follows:

The enclosed list of mills have expressed themselves as willing to cooperate with us in running down fictitious prices and information.

It seems that most mills are adhering to a sensible business plan and that is, either get cost for their flour or not sell. We haven't heard of very many cheap prices and most of them were found to be fictitious.

We believe that all of this erroneous and false information can be eliminated if we will take the time and run it down.

If there is any way that we can cooperate with you, please feel free to call on us, and whenever you hear of a cheap price, pass the information along.

The list of mills referred to in the above letter as having "expressed themselves as willing to cooperate with us in running down fictitious prices and information" consisted of 10 companies as follows:

Red Star Milling Co., Wichita, Kans.
Wm. Kelly Milling Co., Hutchinson, Kans.
New Era Milling Co., Arkansas City, Kans.
The Southwestern Milling Co., Inc., Kansas City, Mo.
Ismert-Hincke Milling Co., Kansas City, Mo.
Midland Milling Co., Kansas City, Mo.
J. C. Lysle Milling Co., Leavenworth, Kans.
Topeka Flour Mills Co., Topeka, Kans.
Kansas Milling Co., Wichita, Kans.
Robinson Milling Co., Salina, Kans.

In a bulletin to members dated April 26, 1924, J. N. Campbell, secretary of the Nebraska Millers Association, Omaha, Nebr., commented on a recent meeting of southwestern millers at Kansas City, in part as follows:

KANSAS CITY MEETING

The two days sessions of the millers of the Southwest at Kansas City, Tuesday and Wednesday of this week, were well attended and the discussions were very interesting because they dealt with vital subjects of a constructive nature. There is no doubt that those in attendance were much more strongly fortified by the proceedings, in their determination to avoid doing those things which resulted in such utter demoralization to the industry at the beginning of the new crop season last year.

The session Tuesday morning was called by Secretary Stevens of the Kansas Millers Club. It was devoted entirely to discussion of ways and means of avoiding a repetition of the offenses which provoked the war of prices a year ago.

It is well recognized that there can be no price agreements. Every miller is anxious to do business on a sane basis of getting profits, but there exists great apprehension as to what the other fellow is going to do and the whole situation is on a hairtrigger tension. If a few fellows are foolish enough to start the trouble, disaster will tread on the heels of the industry through another year.

We warn you that some of the flour buyers would like to see the fireworks set off and the stampede of price cutting begin so that they can again proceed to reap a harvest of two profits—the one that belongs to the millers and the one they are entitled to. To precipitate this sort of a war, the unscrupulous buyer does not hesitate to lie and misrepresent things when talking about offers received from other mills.

To forestall this imposition it was agreed that the millers must keep in close touch with each other by all means of ready communication and when low offers are encountered, the thing to do is to call up the mills so reported and verify the report before taking any action in defense.

These lying reports can be readily exposed by this direct method and much confusion avoided.

But understand that this frank way of beating that dirty game pre-supposes that the millers will be perfectly fair and truthful with each other when talking over these matters, and you can never get anywhere if you are not.

The large mills are most anxious to see a radical change for the better and are taking the lead in the movement.

On May 23, 1924, the J. C. Lysle Milling Co., Leavenworth, Kans., wrote as follows to the Wolf Milling Co., Ellinwood, Kans.:

Our representative advises us that your price on flour is \$5.65 jutes New York. As we have had reports of this kind before, and found them to be inaccurate, we hesitated to believe this report. Our price today on 95% flour delivered New York is \$6.65 jutes and naturally the difference in the price leads us to believe that your price has been misquoted to us.

If consistent with your policy, we would appreciate very much your advising us whether or not the report is correct.

Thanking you and assuring you that we are passing this information to you merely with the idea of checking our representative, we are,

A copy of the above letter was sent by the J. C. Lysle Milling Co. to the New Era Milling Co., Arkansas City, Kans.

On May 28, 1924, John W. Cain, of the Midland Flour Milling Co., Kansas City, Mo., wrote to Charles Roos, of the Hunter Milling Co., Wellington, Kans., regarding a low quotation reported to have been made by the Hunter Milling Co. to the Orr Baking Co., New Castle, Pa. The last paragraph of Mr. Cain's letter was as follows:

I wonder if you would mind writing me about this thing, for if our representative was misinformed, I would like to tell him so. One of the outgrowths of our Tuesday meetings has been a frank exchange of information among all millers and I therefore feel free to write you about this thing and hope that I may hear from you by next mail. If at any time you should ever want to correspond with us about similar matters, would be very glad indeed to hear from you.

During May and June, 1924, frequent group meetings of millers were being held at Kansas City, Mo., Wichita, Kans., Hutchinson, Kans., Salina, Kans., Abilene, Kans., Oklahoma City, Okla., and Omaha, Nebr., but whether actual prices were exchanged or discussed at these meetings does not clearly appear from the information secured by the commission.

On July 23, 1924, the J. C. Lysle Milling Co., Leavenworth, Kans., wrote two letters to the Wichita Mill & Elevator Co., Wichita Falls, Tex., referring to the low prices being quoted by Texas mills, and stating:

We hope the Texas Mills will get together and raise their prices to a level that will secure for themselves a legitimate milling profit based upon the daily value of wheat.

On July 24, 1924, the Wichita Mill & Elevator Co. replied as follows:

Replying to your two letters of the 23rd since our exchange of wires, we have advanced price to \$7.80 for short patent and \$7.30 for standard high patent, basis 48's delivered Texas Common points which include Group 3. To jobbers we allow commission of 20¢ per barrel with 10¢ per barrel discount for cash. The price to the retailer is net 30 days or less 10¢ per barrel for cash.

We were quite fortunate indeed in this territory to have a good supply of red mixed wheat at our mill door which we have bought freely at export prices. To-day we are paying \$1.05 to our farmers for red mixed wheat or equal to \$1.22 Group 3. Wheat bought from dealers, however, is considerably higher.

I agree with you that we are too low in Texas, at the same time there is a good profit in the business at present prices and competition is severe. I consider that we have done very well during the past few days to get our price up \$1.00 per barrel.

With kindest regards, always glad to exchange information with you

On July 28, 1924, the J. C. Lysle Milling Co. replied as follows:

Your letter of the 24th addressed to me is both interesting and gratifying. The Texas Millers were in a very fortunate position this season, as we see it, for they were able to buy substantial quantities of the new wheat before the big advance in the market was under way. It is hard for us to understand, however, why the majority of them should have voluntarily given away the nice profit, which this must have shown them, to the Buyer of flour. We are in hopes that the rest of the Texas Millers have followed your very good example in starting to adjust their prices upward in line with replacement values and are wondering if some of them who were freely predicting lower prices for wheat some sixty days ago, and were spreading this sentiment among the trade, have changed their views. Most of the Millers in this section of the country feel that the milling prospects for the next twelve months are better than they have been in some years past and we privately feel that the advancing market has been a splendid thing for the Millers, as it has prevented many of them from quoting speculative prices on flour and has discouraged the making of long time contracts.

It has also had the effect of placing the Buyer, and not the Miller on the defensive and this is being reflected in all of the prices on which transactions have been made by this section.

We hope you will exchange views with us frequently, for the lack of intercourse between Millers is, in our opinion, largely responsible for the gloomy period from which we now seem to be emerging.

During the last week in July and early in August, 1924, there was an exchange of telegrams and letters between milling companies in Milwaukee, Wis., and Kansas City, Mo., concerning cooperation in getting fair prices. On July 25, 1924, Walter Stern, president of Bernhard Stern & Sons, Milwaukee, Wis., telegraphed J. L. Walker, sales manager of the Larabee Flour Mills Corporation, Kansas City, Mo., as follows:

Being desirous of cooperating with Southwestern mills in getting fair prices would you be good enough to wire us what you think would be a fair price to be quoted on ninety five Kansas bulk Kansas City giving the range for large volume buyer also single carlot buyer Will be glad to reciprocate at any time Kindest personal regards.

On July 26, 1924, Mr. Walker wired the following reply:

Our yesterdays market mills generally quoted large trade basis five seventy five to five eighty five bulk Kansas City single car Buyer six twenty to six thirty ten thousand barrels Buyer around six dollars to six ten selling cost or brokerage to be added

On the same day, Mr. Stern replied to the above wire as follows:

Thank you very much for your prompt and kind response to our telegram, which is highly appreciated.

Without information before us as to what our competitors are doing, and in view of the fact that our sales are very light at the present time, we might be tempted to make lower prices than competitive conditions would justify, and that is the reason we wired you accordingly.

We are keenly desirous of co-operating with mills like yourself, to see that fair prices are sustained for all classes of buyers. If there is anything that you can suggest at any time wherein we can be of service in behalf of the general cause, I trust that you will not fail to let us hear from you. Any information that you can transmit to us from time to time that you think would be helpful, we would thank you very much to send the same on.

Assuring you of my very kindest personal regards, I remain

On July 29, 1924, Mr. Walker replied to Mr. Stern's letter as follows:

Received your letter of the 26th, acknowledging receipt of our wire to you a few days ago.

I appreciate that you desire to work with the better class of mills this year, and you can depend on us giving you the best information we can at any time. If at any time matters come up that we desire to take up with you we will wire or phone you relative to them. Want you to feel free to take any matters up with us at any time.

I did not have the pleasure of seeing you at the last meeting in Chicago, but hope to have the pleasure of seeing you at the fall meeting. If at any time you happen to be down in this section, want you to feel at liberty to call and see us at our office at any time.

With regards and best wishes, I am

On July 30, 1924, Mr. Stern wrote to Mr. Walker regarding the recent exchange of prices, and also concerning alleged low prices of flour printed in the Bakers Weekly. Mr. Stern's letter is as follows:

You were good enough recently to respond to our request for information as to prices at which you were holding your Flour, which action on your part is deeply appreciated. We are sincerely trying to do our "bit," looking to a greatly improved order of things in the milling industry generally, but particularly are we endeavoring to be in line with those millers who are determined to rigidly adhere to sane, sensible selling policies.

Our attention is attracted at this time to the articles appearing in the Bakers Weekly by Mr. Otis B. Durbin, the same being a review of the market. Mr. Durbin makes a practice of naming figures, supposed to be representative of the prices at which, in his language, "a good grade" of Kansas or Oklahoma Hard Wheat 95% Flour would be worth, bulk, Missouri River. In the issue of July 26th (Mr. Durbin's information is by wire under date of July 23rd), he gives the range at \$5.60 to \$5.75 bulk, Missouri River. These prices, we consider, are not representative of what would be accepted by mills, or at which buyers could purchase a dependable 95% Flour. Moreover, when anyone attempts to state as to what "a fair price" would be, and quotes figures with a range, for instance, of 15¢ per bbl., there is considerable left unsaid. Therefore we believe that the information is misleading,—not wilfully so, but misleading nevertheless.

We have in mind that the Bakers Weekly has a circulation not only among the large bakers, but likewise a good many very small ones. Flour salesmen too, read this publication, and doubtless get an entirely wrong notion as to consistent price levels.

On July 29th the writer took this matter up by 'phone with Mr. Bamford of Chicago, of the Bakers Weekly staff, and stated that we believed it would be better if Mr. Durbin's articles eliminated references to prices at which Flours could be purchased. If you share our belief and would care to take the matter up with Mr. Bamford no doubt your action would help to eliminate what, to our way of thinking, is an objectionable feature of Mr. Durbin's otherwise very interesting and instructive articles.

We should be very glad to have an expression from you in this regard.

Mr. Walker answered the above letter on August 2, 1924, agreeing with the statements made in Mr. Stern's letter, but suggesting that such a matter might be misconstrued if such a matter came into the hands of the Attorney General's department. This letter of Mr. Walker is as follows:

I agree with you in what you have to say in your letter of July 30th, but the price intimated by Mr. Durbin in his article in the Bakers Weekly does not govern the basis of the larger and better class of mills in the Southwest. As I understand it, his quotation is based on the quotation as received from the mills that he represents.

I would be glad to talk to the Bamfords on this subject, but I would not want to put anything in writing to them regarding it. While I know they are

friendly to the mills, but the letter may fall in the hands of someone who would misconstrue it and cause a little notoriety. I believe we should be very careful as we cannot tell what the Attorney General's department might do in case something like this would fall into his hands.

That the question as to what the Department of Justice might do if acquainted with some of the activities of the millers associations was agitating others in August, 1924, is shown by the two letters quoted below.

On August 6, 1924, L. H. Pinney, secretary of the Minnesota Millers Club, Minneapolis, Minn., wrote C. V. Topping, of the Southwestern Millers' League, Kansas City, Mo., as follows:

I am seeking information regarding method of advising your members regarding prices for local territory put out by your club—how obtained and disseminated. I enclose herewith copy of letter I [am] sending to members. The directors make the price and they think, should I be called upon by the Department of Justice to explain we would be in a predicament. I would be pleased to have a copy of your rules and by-laws. Any suggestions you have to offer would be appreciated. This is confidential.

Thanking you in advance, I am.¹

On August 8, 1924, Mr. Topping replied as follows:

I am in receipt of yours of the 6th and in reply all states in the League territory are handled separately.

Group meetings are held every week and business generally discussed. Where your business is confined strictly to your Minneapolis Club, I would suggest and it is working very satisfactory in other states, that you take a representative mill, say Pillsbury Flour Mills in Minneapolis and use their quotations as a basis. Let them advise you of the changes and you send this information to the members of your Club. Use blank stationery and I would not put any name to the quotations, just let it appear as a regular market letter.

This can be understood among your members and there need be nothing attached to it that would in any way involve any body.

I think you would have considerable of a task to convince the Department of Justice of your innocence.

One of the very important features is as little information in writing as possible.

During the same month there was also reference to the advisability of the millers' associations remaining "rather unactive, until the Federal Trade Commission completes its work." On August 30, 1924, J. B. McLemore, secretary of the Southeastern Millers' Association, Nashville, Tenn., wrote to Frank H. Tanner, secretary of the Ohio Millers' State Association, Columbus, Ohio, as follows:

For the last two months I have been smothered with so much work, I have not had a chance to think about the Association of Secretaries. I haven't done anything.

I shall be in St. Louis next week, and at that time will get in touch with Mr. D. L. Boyer, and see if we cannot work up something worthwhile.

As a matter of fact, entirely too much publicity was given to this move, and the Federal Trade Commission started an investigation of it. I had a letter from one of my friends in Washington, commenting on it. In my judgment we should remain rather unactive, until the Federal Trade Commission completes its work. They know that we are not doing anything at all now, but if we started something, we might be in for a lot of unwelcome publicity.

The above letter was in answer to a letter from Mr. Tanner, dated August 28, 1924, in which Mr. Tanner had written Mr. McLemore as follows:

¹ In a statement made on March 9, 1925, to an agent of the commission Mr. Pinney denied that the board of directors of the association fixed the prices quoted in the association bulletin.

Under date December 16, 1922, I wrote you enclosing a letter from the Piqua Milling Co., Piqua, Ohio, referring to a car of 43% Cotton Seed Meal, purchased by them from C. L. Montgomery & Co., Memphis, Tenn., asking whether you could give information concerning the firm.

I have no record of any reply to my letter, and I have another letter from Piqua Milling Co., asking what was done in the matter.

Will you please advise me what has been done, if anything. What chance is there for collection of a claim.

What is the executive committee of the National Council of Millers Association Secretaries doing? I note the Modern Miller took a shot at the Federation, because they have not (after four months) made known any plans adopted under the new organization. I presume that vacations have delayed any action, but vacations are now at nearly the end, and something should develop.

In connection with the above letters, it will be remembered that Federal Trade Commission agents engaged in investigating the baking industry started out on the field work late in July, 1924.

The results of the exchange of prices among millers were described as follows in a letter from W. H. Cahill, sales manager of Bernhard Stern & Sons, Milwaukee, Wis., to W. J. Grover, of the New Richmond Roller Mills, New Richmond, Wis., on August 13, 1924:

We are glad to be able to say, and with considerable foundation for making this statement, that it is a good many months—we might say several years since we have seen such a determination on the part of mills to hold firmly to asking prices that are consistent with cost. Without going into details—we have seen concrete evidence of this on the part of a number of very representative mills, and we feel that we are warranted in making the statement that conditions at this time as regards to selling of Flour, show a vast and almost unbelievable improvement over conditions that existed a year ago. We have had exchanges of correspondence with several mills, some of which we addressed communications to regarding prices reported to have been named, and everybody that we have come in contact with in this way (we are referring to millers) seems to be very willing to help along the good cause.

In the same letter, Mr. Cahill also wrote regarding a low price reported to have been quoted in Parkersburg, W. Va., by the New Richmond Roller Mills:

We are thinking that our salesman must have made a mistake of a dollar a barrel in sending in the report to us, or some way or other there is an error. You will of course, understand that the spirit in which we are writing this to you is one of a desire on our part to do whatever we can in checking up on information that seems misleading or doing anything else that we can to help bring about a very much better order of things generally than existed in the milling business in recent years.

The two letters given below throw an interesting side light upon flour prices as quoted in the Northwestern Miller, an important milling trade journal published in Minneapolis, Minn., the editor of which resides in Kansas City, Mo.

On September 12, 1924, Walter Stern, of Bernhard Stern & Sons, Inc., Milwaukee, Wis., wrote Robert E. Sterling, editor of the Northwestern Miller, as follows:

I wonder if you will take it amiss if I call your attention to a recent inclination on the part of whoever writes the Kansas City correspondence in the Northwestern Miller, of quoting sales made at an exceptionally low price. While this information is correct, I believe, in the interest of the trade, that it is just as well not to mention sales made on an exceptionally low basis. I think you can justify not mentioning such information, for the reason that it can have only a very damaging effect on the trade in general. Just imagine if a buyer reads that a round lot of 95% Flour was sold at \$4.90 bulk Kansas City,

and we are endeavoring to sell him on the price basis that we do, which is very much higher, and as you know, most of the sales are sold at a great deal higher than any such low figure as that.

I know very well that the \$4.90 bulk price is a fact, but the mentioning of such a sale in your columns is apt to have a very far reaching effect in causing demoralization. I know very well that the Northwestern Miller in all its columns, quotes the range of prices, but one of the hardest things for those millers to contend with, who are desirous of improving general milling conditions, is to combat the quotation of a sale at an exceptionally low price. If all sales, large and small, and at all prices, could be quoted, the low price would not be so damaging. If any mill makes a sale at an exceptionally good price, it is probably rarely the case that it gets into print.

I wonder whether you agree with me that it would be better not to mention sales made at an exceptionally low price.

I have not seen you in a long while, and am looking forward to the opportunity of having a real good visit with you again in the near future.

I want to take this opportunity of extending to you most cordial greetings and best of good wishes.

On September 16, 1924, Mr. Sterling replied as follows:

The matter of flour market quotations, referred to in your letter of the 12th, is always a problem.

Naturally millers desire at all times to see the highest flour prices published and want nothing said about the cheap prices at which they frequently sell. Many of the mills try to force us to do this by giving us at all times when quoting flour prices the purely nominal quotations—the prices at which they would like to sell if they could.

On the other hand, particularly in large markets, the buyers of flour try to influence our reports by giving us at all times the very lowest figures at which they have bought distressed flour. They say nothing whatever about some of the high prices paid for established mill brands.

Between these two conflicting factors we try to describe conditions and quote prices which are fairly representative of the market. It is obvious that if we at all times published the highest prices quoted on flour and the lowest prices at which distressed lots are sold there would nearly always be a range of not less than \$1.50 a barrel on flour in substantially the same class. Instead of doing this in ordinary quotations we eliminate distress sales but usually do include top prices asked for the best brands.

You can see that if we failed to mention the prices in the lower brackets we would soon lose the confidence of our readers among buyers who would very properly reach the conclusion that we published more or less fictitious prices and that they could not depend on market information in the Northwestern Miller. In no time at all we would lose their confidence entirely.

Another factor in this is our obligation to our readers among people who buy flour. They pay us our subscription price in order to get the paper and from it keep informed on trade conditions and flour prices so that they can buy more intelligently. If we accepted their money and then gave them a paper which was untruthful because of publishing only half-truths, we would be guilty of something closely resembling breach of trust.

Referring specifically to the price mentioned in your letter of \$4.90 bulk, Kansas City, this price undoubtedly was made on the sale of a considerable quantity of flour. It was not merely a "freak" price but was actually representative of a certain volume of trading in the period covered in the market review. It does not seem possible for us to keep good faith with our readers to ignore the low prices transactions.

We do want to serve the interests of millers in this connection but I do not see how we can possibly go so far as to publish fictitious market quotations—and, of course, they do become fictitious if we do not truthfully describe all factors.

I wish we could make the prices. It would then be a simple thing to eliminate these low figures. Unfortunately, the millers make them and the best we can do is to try to minimize the importance of the foolish sales. Don't you see my point in this?

During September, 1924, Sydney Anderson, president and A. P. Husband, secretary, of the Millers National Federation, attended

group meetings of millers at Kansas City, Mo., Williamsport, Pa., Richmond, Va., Buffalo, N. Y., Lansing, Mich., Toledo, Ohio, Columbus, Ohio, and Indianapolis, Ind. In October they attended meetings at Belleville, Ill., and St. Louis, Mo. In a report dated October 2, 1924, and read at the semiannual meeting of the federation held at Chicago, Ill., on October 8 and 9, 1924, Mr. Husband, in describing these group meetings said:

During the group meetings referred to several needs of the industry have been brought out. In practically every case where a miller was called upon to express his views as to the outstanding need of the industry, the reply was "Confidence," meaning confidence of millers in each other. It was pointed out time and again that millers are inclined to believe, without confirming them, reports submitted to them by salesmen and brokers as to prices and terms being quoted by competing mills, and that this practice had much to do with the demoralization in the industry. Much of this character of difficulty would be eliminated if millers would emphasize to their salesmen and brokers that the selling price of the mill's products was to be made at the mill office and not by the buyer, and that concessions as to prices and terms of sale would not be granted as a result of transmitting to the mill reports of what competitors were doing.

Sydney Anderson, at that time a Representative in Congress from Minnesota, became president of the Millers National Federation on September 1, 1924, having been elected to this office in June, 1924.

The following letter of October 11, 1924, from G. M. Palmer, president of the Hubbard Milling Co., Mankato, Minn., to John S. Pillsbury, vice president of the Pillsbury Flour Mills Co., Minneapolis, Minn., shows that frequent complaints were made as to the low prices made by the Pillsbury Flour Mills Co.:

I was sorry that you were obliged to leave the meeting so early last Tuesday, as I should have been very glad indeed to have you remain and take part in the further discussion of matters of great interest to us all.

You mentioned the fact, in a joking way, however,—that several had spoken to you about the low prices your company was making, that you did not wish to sell flour for less than was absolutely necessary, etc. I trust you will take no offense if I call your attention to the fact that I have heard more complaints of the prices made by your company than any other or all other Northwestern mills, and I also heard the statement made by men of high standing in the business that in their judgment it was not necessary for you to make so low prices, that they did not believe you realized how strong you were with your customers, and in their judgment that you could just as well get considerably more money for your flour as not.

I am inclined to believe that it would pay you to give pretty careful attention to these criticisms and comments for your own profit as well as for the fact that undue criticism of your prices tends to tear down the very thing that we are trying to build up. A number of times I have heard the comparison made between your prices and that of W.-C. Co. and invariably to the credit of the latter company.

I believe that most of the spring-wheat mills are honestly trying to change policies which have been in force for a long time and are trying to get onto a better plane of doing business.

I thought best to call your attention to these matters and trust it will be received in the same spirit in which it is given.

On October 13, 1924, Mr. Pillsbury replied, explaining the reports that his company was underselling competitors "contrary to its long-established custom," and describing his company's system of checking up prices with its competitors. The letter is as follows:

I am very glad that you wrote me as you did, and I can assure you that we all appreciate that, for some reason or other, it has gotten circulated

around the trade that our Company, contrary to its long-established custom, has been trying to undersell its competitors.

Of course, there is always a chance, in wild markets, for a sale to be made at a lower price than was intended; and as we have investigated every single complaint that has been brought up to us by one of our friends, I can state truthfully that we have discovered less than a dozen instances where we have not been able to satisfy anyone when the true facts were disclosed. We have encouraged our friends to call our attention to any sales that did not look right, and we have cheerfully given the exact facts in every instance. Nine complaints out of ten that have been made have been based on wrong information, on errors in prices reported, and in many instances on wrong dates. We have also found a tendency among the trade to report that they have purchased our most expensive flour at the price of our lowest priced flour, and in one instance (which we have heard of from at least a dozen sources) we made a sale of flour, according to Laboratory analysis, and had it distinctly understood that, if our highest grade of flour were used, the price would be 40¢ per bbl. additional. As a matter of fact, this particular customer has used both grades, and as I understand it, intends to order out the balance of his purchase on the high-priced flour.

I wish you would tell any of our Spring Wheat friends that if they can find out any time that our basis of price is low, we will be delighted to have them take up the matter with us and we will give them the facts in the case. I might add that for the past two or three weeks we have been keeping a file of prices made by a good many of our friends where they seem to be much below our basis. In one instance, through a friend we were able to purchase a car from one of our Spring Wheat competitors at 15¢ per bbl. below a price that he complained of from ourselves and 40¢ below what he claimed his price was. This is an unusual circumstance, but I thought it might be of interest to you to know that it actually happened, and we have received and paid for the car of flour.

From a very careful analysis of the situation, I think that possibly for a few days about a month ago, when the market was advancing steadily, due to slow or careless work on the part of some of our district managers, we may have had a price basis that was slightly below what we wanted and what may have been the price basis in effect by some of our competitors, but this certainly has not been the case for the past month.

We try to keep accurately informed as to what costs are and what seem to be the prevailing prices, and as the milling business was very bad with us last year, we certainly are in a position where we have got to make a small profit, at least.

In referring to the prices of the Pillsbury Flour Mills Co., Fred J. Lingham, of the Federal Mill & Elevator Co., Inc., wrote to Ralph C. Sowden, of the New Era Milling Co., Arkansas City, Kans., on November 11, 1924, in part, as follows:

Also, the last few days I have been quite alarmed for fear the moral of the industry would break down, especially because of some prices made by the two largest mills.

[As you may know, the Pillsbury people have been in the habit of putting out so-called "bargain day" prices, namely, prices considerably under their regular list, good for 24 hours. The Buffalo office has finally agreed to discontinue this, at least so far as the family trade is concerned. I consider it most demoralizing, and I really believe it hurts their own business as well as others, because the trade get to expect and wait for these so-called "bargain" sales.]

I wrote Mr. Bell a pretty stiff letter yesterday telling him that the mills must change their tactics or there was going to be a renewal of demoralization, and I know he is very anxious to prevent this.

In replying on November 15, 1924, Mr. Sowden referred to the Washburn Crosby Co., and the Pillsbury company as follows:

Your good letter of the 11th at hand and I sincerely trust that the larger mills will stand firm. According to reports which we consider reliable, flour stocks are not heavy anywhere and it is only a question of a short time until flour buyers will be forced into the market.

So far as I can learn, Mr. Bell and his company have certainly gone far to gain the confidence and respect of our millers here in the southwest, but the Pillsbury people, I regret to say, have incurred only distrust.

Next Tuesday at Kansas City we will have our Southwestern Millers' League meeting which I think will prove beneficial in strengthening the morale in this section.

Mr. Lingham wrote again to Mr. Sowden on November 18, 1924, as follows:

A few days ago Mr. Bell, in going through Buffalo, called me on the phone. He is very much discouraged over the action of some competitors, in the way of price cutting.

As he put it, his company has "kept the faith" with the milling industry, since their change of policy, and it worries him very much to think that some competitors have not been willing to go along with them, and he feared that the industry might be driven back into a demoralized condition again. Of course the fact is that he is just as anxious, and his company is just as anxious, as any one can be, to avoid this, but he cannot be expected to stand back and let the other people take advantage of this situation without putting up a fight.

I trust the Kansas City meeting today will do a lot of good.

Mr. Sowden replied on November 20, 1924, as follows:

We had a splendid meeting at Kansas City. Reports for the past week indicate that our mills have sold some 30% of their capacity. There are, of course, a few instances where some of our mills out here have been taking a free ride but the situation on the whole has shown such vast improvement over conditions a year ago that the sentiment seems to be unanimously in favor of continuing the group meetings. As for ourselves, we have sold less flour up to this time than for any previous year since the war, but we think we are ahead financially.

There are a bunch of Kansas City millers who will go to Minneapolis Friday afternoon to meet with the Minneapolis millers as we down here are determined to keep in contact with the spring wheat people just as long as possible. Mr. Bell and his organization have certainly kept the faith with the milling industry and we cannot blame him for getting weary of acting in the capacity of umbrella holder when his largest competitor has been doing so much all over the country to demoralize things.

Many of our mills are down out here. All report shipping instructions very slow and I sincerely trust that Mr. Bell's fears are unfounded and that the morale of the industry will not be weakened at this time.

On November 22, 1924, Mr. Lingham replied as follows:

I am pleased to have yours of the 20th. The same mail brings me a letter from Mr. Bell telling me that he has done some very plain talking to some millers. His language is so strong that I will not quote it, but you can gamble that he is doing everything he can to stop certain underhanded competitive practices.

He, too, wrote me that he was looking forward to conference with southwestern millers on Saturday. I believe this is one of the best things that can be done, namely, conferences between the southwest and northwest.

In regard to the Washburn Crosby Co. price policy, W. H. Cahill, sales manager of Bernhard Stern & Sons, Milwaukee, Wis., in writing to R. P. Mitchell, manager of Washburn Crosby Co., Minneapolis, on November 14, 1924, regarding a low price reported to have been quoted by the Washburn Crosby Co. in the West Virginia and Ohio River territory, said:

We have heard your Mr. James F. Bell on a number of occasions in recent months state that the policy of your company was to hold very rigidly to prices that were consistent with cost and that were proper in every sense that the term implies, and we want to say to you too that this is really the very first instance of any alleged low prices quoted by your company that has come to our attention. We have heard of some scandalously low prices being quoted

by some other competitors, but not any by your company, and it goes without saying that we take at full face value anything that Mr. Bell may state as regards to the policy of the Washburn-Crosby Company. This being the case, we most certainly are inclined to believe that our man was greatly mistaken, or that some unscrupulous buyer gave him misleading information, either innocently or wilfully. Anyhow, we know you will be glad to give us the correct "dope."

We know that it is not necessary for us to explain that in writing you in this way, we are merely falling in line with the practice of checking up on information as to low prices, and which practice has been in vogue in recent history among those mills like yours and ours, who are sincerely striving to bring about a very much better order of things generally, as regards to Flour sales.

On November 17, 1924, Mr. Mitchell replied, giving prices quoted by his company and stating:

Have your favor of the 14th. Am glad at any time to pass along the information that you ask for.

For your information, our price on King Wheat on the 3rd, Pittsburgh rate points, 60 day shipment was \$7.50; November 6th, \$8.00 and following the regular market advance up until the 10th, the date which you state your salesman wrote you. These prices are basis 98s cotton with a possible shade of 15¢. For your information, since that time we have advanced our basis irrespective of market change 20¢ per barrel. The only record of sales having been made in West Virginia, basis Pittsburgh rate, November 3rd were \$7.35, basis 98s cotton. These were two single carlot sales. From the 3rd to the 10th I do not have a record of any other sales in the Pittsburgh territory. Our Pittsburgh office, of course as you understand, handles all of West Virginia.

We have a report you sold Blue Bird Flour in Washington, D. C., on November 5th at \$7.00 jutes.

Many thanks for your good wishes.

The field work of the commission on competitive conditions in the flour-milling industry started during the last half of November, 1924, beginning with the examination of the records and correspondence of the flour-milling associations.

* Section 6. Agreements, understandings, or cooperation to fix the elements of prices.

The main elements making up the selling prices of flour are: Cost of wheat, operating expense or conversion cost of manufacturing and selling, by-product credits, package cost, and profit. Agreements, understandings, or cooperation in regard to profits have already been described above in section 4, beginning on page 23. A description of the other elements of price is given below.

NORTHWEST SECTION.—The milling companies located in Minnesota and Wisconsin have been quite active in cooperating on the elements making up prices of wheat flour, and to some extent of rye flour also.

In writing to Walter Stern, of Bernhard Stern & Sons, Milwaukee, Wis., on December 18, 1923, regarding a recent meeting of the Southern Minnesota Mills, James F. Bell, vice president of Washburn Crosby Co., Minneapolis, Minn., said in part:

I quite agree with you it would be advisable to get together frequently. I have been turning over in my mind a new idea of a Millers' Service Bureau which could deal with factors that go to make price and not the prices themselves; in other words, something that would help us to speak a common language, which we do not do today.

On December 19, 1923, Mr. Stern replied, in part, to the above letter as follows:

Thank you very much for your kind letter of December 18th, which is much appreciated. I naturally was particularly interested with your writing that you were turning over in your mind a new idea of a Millers' Service Bureau, and I trust that when you have this sufficiently formulated, that I will hear further from you regarding the same.

May I permit myself to urge strongly that you personally attend the meeting of the Millers' National Federation to be held in Chicago on January 15th, which as I understand it, is called specifically for the purpose of seeing as to how things can be improved in a general way in the milling industry.

Prior to this exchange of letters between Mr. Bell and Mr. Stern other millers were already discussing the same subjects. On December 1, 1923, G. M. Palmer, president of the Hubbard Milling Co., Mankato, Minn., and also president of the Southern Minnesota Mills, an association of millers, sent out to members of the association a circular letter reading in part as follows:

A most important conference was held on Saturday last in Minneapolis. Mr. Bell of Washburn-Crosby, Mr. Loring of Pillsbury Milling Co., and Mr. Helm of the Russell-Miller Milling Co., were in attendance and addressed the meeting.

It was suggested that in order to be safe, at least \$1 per barrel over the cost of the wheat should be added in all cases to cover cost of milling and selling, and even this will scarcely cover any margin of profit considering the cost of carrying the flour sales and the risk of the feed market, etc.

It was also suggested that now is an opportune time to form a spring-wheat millers' association including all Northwestern mills with the view that such an organization could meet occasionally, talk over milling conditions and try to correct the abuses of our business.

On December 7, 1923, R. W. Goodell, vice president and general manager of the King Midas Milling Co., Minneapolis, Minn., replied to the above circular, in part, as follows:

The writer believes that a considerable part of the gloom which has settled over the milling industry of the Northwest, would be dissipated, and a radical improvement in conditions brought about, if the four large milling companies in Minneapolis together with the membership of the Southern Minnesota Mills, could be induced to act with some degree of unanimity in respect of the following matters.

First: Confining their operations to the percent of capacity which they have operated since January 1, 1923; and reducing their working forces at the mills and their hours of operation to such basis.

Second: Make \$1.00 per barrel the minimum which any company would add to its wheat cost in making sales to any customer regardless of his size or importance.

Third: Be more conservative in the matter of feed values in figuring wheat costs.

There is not an individual miller in Minneapolis or interior points, who, when discussing any one of the above evils in private, would attempt to defend them. Anyone in the milling business will agree that the stability of the industry is being undermined by these practices; yet a great many, if not the majority of the spring wheat millers are doing one or more of the things mentioned. An organization of spring wheat millers, would, the writer believes, accomplish some good. It should include in its membership all of the mills in the spring wheat territory including both the Minneapolis companies and the outside mills; and it should hold regular and frequent meetings—once a week would not be too often—at which trade conditions and abuses needing correction, could be freely discussed.

No further discussion of these matters took place between northwestern millers from December, 1923, to February, 1924, so far as is indicated by any information the commission was able to secure.

On February 16, 1924, H. H. King, president of the H. H. King Flour Mills Co., Minneapolis, Minn., wrote to George M. Palmer, in part as follows:

I got in touch yesterday morning with Mr. Bell and Mr. Loring and Mr. Bell stated there was no question of his being here the last week in February, while Mr. Loring was not so sure, that is—he didn't want to state so far ahead, but if not here he said that Mr. Hempstead, their secretary, and Mr. Whiting, their salesmanager, would represent them in his stead. There is no question but what some good will be worked out of this meeting.

We think it will take a good strong man to probably hold them in line on this cost proposition. It is my belief that this, of course, would be outside and apart from any milling organization, that is some man in whom we have implicit confidence would open an office to furnish such service to the millers from Minneapolis as is necessary in regard to the cost of wheat, the price of feeds and the cost of a barrel of flour predicated on these findings. The millers can subscribe for this service or not, as they please.

Now in this connection I felt that Mr. Goetzmann, if he could be induced to take it, would be a good man to do this. Of course it would necessitate his giving up his present business, but I believe if there were any possibility of this going thru and being something of a permanent nature, he might be induced to do it.

Would be glad anyway to meet with you in conference as you have suggested any time you wish to call us together before the meeting, but Mr. H. S. Helm is out of the city and will not be back this month, consequently you will have to call in Mr. Willis Helm, the manager of the company.

On February 27, 1924, C. T. Vandover, secretary of the Southern Minnesota Mills, an association of millers, wrote in part, to G. M. Palmer, president of the Hubbard Milling Co., and also president of the association, as follows:

In order that you may have information on file relative to the meeting which was held at the Radisson Hotel on February 26th, I have prepared the following notes from the minutes recorded by me at the meeting:

The first matter taken up at the meeting was the preliminary remarks on the part of Mr. Palmer, Chairman, advancing the reasons for a call of a meeting of this kind and giving a brief outline of what could properly be considered at this meeting and advising the members present that he desired a free and frank discussion of any matters regarding the milling industry that could be considered in a helpful way at this meeting.

The first order of business was the election of a Chairman. It was moved by Mr. Loring and seconded by Mr. Sheffield and unanimously carried that Mr. G. M. Palmer be elected Chairman.

Moved by Mr. Loring and seconded by Mr. Bell that Mr. Vandover be elected Secretary.

It was voted near the close of the meeting that the present officers should remain in office until permanent organization is completed.

Mr. Bell, who was the first speaker at the meeting outlines the advisability of creating some agency that might assist the Northwest spring wheat millers in arriving at proper costs pertaining to mill operations, accompanied by accounting methods, etc.

Mr. Loring spoke in reference to organization work and the necessity for the millers of the entire country supporting organization work to a greater degree than they have in the past in order to avoid further weaknesses in the industry, and he made reference in particular to legislative matters which need attention quite regularly in Washington.

It was moved by Mr. King and seconded by Mr. E. A. Everett, that the Chair appoint a committee of seven to investigate the possibility of some agency being established for rendering assistance to the Northwest milling industry.

The chairman at a somewhat later point in the meeting appointed the following committee:

Mr. H. H. King, H. H. King Flour Mills Co., Minneapolis.
Mr. H. H. Whiting, Pillsbury Flour Mills Co., Minneapolis.
Mr. J. H. Mullekin, Washburn-Crosby Co., Minneapolis.
Mr. Chas. T. Olson, Commander Mill Co., Minneapolis.

Mr. D. M. Baldwin, Baldwin Flour Mill, Minneapolis.
Mr. W. N. Smith, Montana Flour Mills Co., Lewistown, Mont.
Mr. Walter Stern, Bernhard Stern & Sons, Milwaukee, Wis.

Mr. B. Stockman of Duluth spoke of the advisability of millers getting on some sound footing regarding the cost of manufacturing feed as compared with flour and the relationship in prices made on feed as compared with flour. Mr. Allen of the Bay State Milling Co., made mention of the possibility of the Millers National Federation handling all of the problems that were under consideration at the present meeting.

Mr. W. N. Smith of the Montana Flour Mills Co., Lewistown, Montana, talked in favor of creating some organization as outlined in the motion propounded by Mr. King, and felt that the necessity of some organization on the part of the spring wheat millers in the five Northwest states of Wisconsin, Minnesota, North and South Dakota and Montana was a move in the right direction, and that considerable good could be accomplished through such an organization.

The meeting described above was attended by 61 representatives of milling companies located in Minnesota, Wisconsin, North Dakota, South Dakota, and Montana.

On March 3, 1924, H. H. King, of the H. H. King Flour Mills Co., Minneapolis, Minn., wrote to Mr. Palmer, in part as follows:

I have yours of the 1st. Doubtless you will think I am a little slow in getting action on this matter, but I have been rather busy along other lines and there are many things which must be considered. I am going to get the committee together this afternoon, if possible, to consider the kind of letter that will go out to the subscribers and in connection with this, we will have to determine the capacity of the mills. What are we going to take for this capacity? The ones most interested in this are the big mills here and on account of their big capacity at Buffalo, we do not think that they would object to taking the Minneapolis capacity of the Northwestern Miller, although they only pay about one-third of this capacity to the Federation. We think it might be all right to take Vandover's list for the Southern Minnesota Mills.

We do not believe it would be any use to try to do anything with these people sending out cut-price letters until our service bureau begins to function.

H. H. King is named first in the list of the committee appointed at the meeting of February 26, 1924, which was named "to investigate the possibility of some agency being established for rendering assistance to the Northwest milling industry."

On March 4, 1924, Mr. Palmer wrote W. L. Harvey, of the International Milling Co., Minneapolis, Minn., as follows:

I was sorry not to meet you or Mr. Marsh or Mr. Bean at the Millers' meeting last Tuesday. We noticed, of course, your absence but knowing your interest in anything that bears any hope whatever of bettering milling conditions, I assume that something or other prevented your attending.

I think the meeting was really the best and most constructed of any millers' meeting I have attended in many years and there seemed to be a very earnest desire to bring about better milling conditions which are certainly very much needed at present. There was something over 60 in attendance, 3 from Montana who had come 1,200 miles and Mr. Stern of Milwaukee. The big Minneapolis mills were well represented and seemed to be as much in earnest in working with us as any of the others and expressed themselves as being willing to cooperate and do anything in their power to bring about a better state of business.

I presume you have met some of the men who were there and they have told you their impressions of the meeting but all with whom I have talked seemed very hopeful that something would grow out of it.

A committee was appointed to try and formulate some plan that would be workable and beneficial and then another meeting would be called to discuss their report and talk over general conditions. I hope when this meeting is called you will not fail to be present as we certainly are counting upon

your cooperation and advice and help in adopting some plan that seems feasible.

On March 5, 1924, Mr. Harvey replied as follows:

I am obliged for your letter of yesterday. Since the meeting Mr. Beecher and Mr. King have called and have both told us something about what was done at the meeting.

We are, and always have been, interested in anything that promises to improve milling conditions. When the plan is finally worked out I will be glad to discuss it with Mr. Bean and others interested and if we feel that there is anything we can do by cooperation to improve our own condition and that of the industry generally, we will I am sure, be glad to co-operate.

On March 25, 1924, Mr. Palmer wrote to W. C. Helm, of the Russell-Miller Milling Co., as follows:

I learned through Mr. King that the Northwestern Consolidated Milling Co. has not signified its intention of coming into the proposed organization of spring-wheat millers. That company, with the International Milling Co., are the only important milling concerns that have not signified their intention of joining.

I suggested to Mr. King the appointment of a special committee to wait upon these two concerns, and have appointed Mr. E. A. Everett, and Mr. H. L. Beecher to interview the International Milling Co., and I would like to have you and Mr. Bell and Mr. Loring act as a committee to interview Mr. Gallagher and prevail upon him, if possible, to come into the proposed organization.

It seems to me that if we can get the organization perfected that it will be of very great benefit to every spring-wheat miller, and I am anxious that everything possible be done to complete the organization as promptly as possible. However, I hardly believe that it can be done without these two companies, and I trust, therefore, that you will be willing to accept the appointment and interview Mr. Gallagher at as early a date as possible.

I thank you in advance for this service, which I hope you will undertake and carry to a successful completion.

On March 26, 1924, Mr. Helm replied as follows:

I have your favor of the 25th and note same carefully. I will of course be glad to join Mr. Bell and Mr. Loring on the mission you outline if they give you any encouragement, but I have grave doubt as to the ability of this Committee or any other, to alter Mr. Gallagher's position. I am not sure whether he is following his own inclination or a policy laid down for him by his people in New York. But there seems to be no inclination to join the rest of the fraternity on any enterprise that calls for cooperation. It is my opinion that we will have to make the best of this situation and go right ahead feeling that all the rest of us can pull together for the general good, even with one prominent concern left out. However, if I get the call from the other two gentlemen I will gladly join them and put up the best line of talk possible to Mr. Gallagher.

I do not understand what is keeping the International people from joining, and sincerely hope they can be induced to come in. You know, of course, that their offices are here now and I presume Mr. Harvey should be interviewed here.

On June 4, 1924, Mr. Palmer wrote to A. C. Loring, president of the Pillsbury Flour Mills Co., as follows:

I trust that the Minneapolis directors will go right ahead in organizing the proposed Millers' Bureau as soon as possible.

Anything that can be done to stop the present demoralization in prices, terms, length of shipment, etc., will be greatly appreciated by everyone and even before the Bureau is in working order if you can frame up a general letter to members suggesting such improvements as you think can be carried out by individual millers, it seems to me it will have a mighty good effect.

The only thing I can suggest at the moment is to urge mills not to sell for less than cost, not to give ridiculous terms, not to give unreasonable time for shipment without carrying charge, and not to sell new crop flour until something is known about the probable new crop, etc. It seems to me that we can send out suggestions along these lines without rendering ourselves liable to criticism by the Federal Trade Commission. Possibly you may not want to send it out over

your signature but if this idea meets your approval and you will frame up a letter Mr. Vandover can send it out and I am sure it will be appreciated and will do some good.

Mr. Loring replied on June 5, 1924, as follows:

I am in receipt of your favor of the 4th inst., and agree with you that at the earliest possible moment the Bureau should be established and action should be taken at once along that line.

I have called up Mr. Bell on one or two occasions, but have been unfortunate in not finding him in.

Mr. Husband writes me that he has been somewhat disappointed in the response to the circulars sent out from his office—that only twelve of the Northwestern mills have responded.

I am a little at a loss to get your point of view as to writing Mr. Vandover. It would seem the part of wisdom not to do so, but let the Bureau work out some plan that will bring about a better business situation.

On September 1, 1924, George Livingston organized the Livingston Economic Service. In a circular dated September 6, 1924, regarding a proposed Market Bulletin to be issued, Mr. Livingston stated:

Here is a specimen MARKET BULLETIN covering grain and flour which I should like to have you look over and give me any suggestions for improvement, either in form of the report, or the subject matter. Let me say that this particular report is a sample only. It is not intended to give an accurate report on the market. What I would like to have is your critical judgment on the form of the report and whether if issued to you at frequent intervals would be useful.

The report will give a cross section of wheat costs per barrel and the market situation for flour. The information upon which the report will be based will be collected through personal conferences with wheat buyers and sellers in the case of grain prices, and from sales managers in the case of flour prices. The report, therefore, should reflect the situation as I find it upon personal investigation.

It is my intention to make the report something in the nature of a yard stick with which to measure your own wheat costs, overhead, and flour quotations.

There are a number of difficulties in attempting to report prevailing market prices on flour. Flour seems to be sold on brand rather than on grade or standard. I have inserted percentages in order that you may know the grade of flour covered by the quotation. I am particularly anxious for your views on the classification of flour. There is such a wide variation in prevailing practice that it is difficult to arrive at grades or terms which will be generally acceptable to both large and small mills.

A little later, I expect to add a third paragraph to the report covering feed. That, however, will be developed a little later.

Let me have your views on this report at your early convenience.

In another circular dated September 20, 1924, Mr. Livingston gave an explanation of the cost factors to be used on his cost card. Several interesting features of this explanation are as follows:

The wheat price used on the cost card should be the market price of the (wheat) mixture on the date of the cost card, not what you bought it for. Your competitors probably have to sell on to-day's market.

On the market cost card, the offal prices used should be slightly below market for safety. There are two reasons why this practice is advisable; first to provide a margin or "safety hedge" to cover fluctuations in the price of feed which cannot otherwise be protected between the day flour is sold and the day the feed is sold; and second, in order to permit a safe basis for flour quotations. The customary practice is to allow about \$2.00 a ton as the "safety hedge." We think this a justified cost factor and will be accepted in all of our subsequent cost cards. Thus, if bran is selling for \$25.00 a ton on the open market, there would be a deduction of \$2.00 plus the current market of sacks to determine the feed price to be used on the cost card.

Later, Mr. Livingston allowed \$3 as the "safety hedge."

Two sample Market Bulletins issued by Mr. Livingston are copied below, one dated January 31, 1925, and the other dated February 21, 1925:

Condensed market cost card

[Market bulletin issued to clients by George Livingston, 603 Second Avenue South, Minneapolis, Minn., Jan. 31, 1925]

| | Market basis for shipments in— | | |
|-----------------------------------------------------------------|--------------------------------|---------|----------|
| | 60 days | 90 days | 120 days |
| Wheat basis (May) \$1.96½ plus premium and carrying charge..... | \$2.04½ | \$2.07 | \$2.09½ |
| Wheat mixture cost for 4 bushels (35 pounds)..... | 9.37 | 9.49 | 9.60 |
| Operating expense..... | 1.00 | 1.00 | 1.00 |
| | 10.37 | 10.49 | 10.60 |
| By-products credits, regular extractions: | | | |
| Second clear.....barrels.. \$5.05 | | | |
| Low grade.....tons.. 34.75 | | | |
| Bran.....do.. 22.75 | 1.16 | 1.16 | 1.16 |
| Shorts.....do.. 25.25 | | | |
| Cost of 191 pounds patent flour (bulk)..... | 9.21 | 9.33 | 9.44 |
| Cost of 200 pounds patent flour (bulk)..... | 9.64 | 9.77 | 9.89 |
| Package cost (98's cotton)..... | .32 | .32 | .32 |
| Total cost 200 pounds 95 per cent patent flour..... | 9.96 | 10.09 | 10.21 |

THE FLOUR MARKET.—Wheat premiums dropped noticeably early in the week, but have stiffened during the past two days. Prices paid for similar quality of wheat show more than the usual range. The following represents a fair cross section of the premium situation to-day: A 12 per cent protein mix, used in our cost card, is 8 cents over May; 12½ per cent protein wheat can be bought for 14 cents over, 11½ per cent for 2 cents over, and a mix ranging from 10.5 to 11.2 per cent costs from the May price to 3 cents under. Montana wheats frequently command from 3 to 5 cents premium over the above prices.

Stock of flour in dealers' and bakers' hands are light. Resales at low prices less evident than a week ago. Shipping directions show considerable improvement. Operation for the week has been above 70 per cent of capacity. Prices are steadier. Comparatively little forward selling. Prospect for flour sales during next few months looks encouraging. Mill managers, generally, are keeping on even keel and are viewing with less apprehension the high price levels. The short-time bookings policy has removed much of the cause for worry. Prices prevailing today—98's cotton—Minneapolis—are as follows: Family Patent, \$10.50; Intermediate Patent, \$10.20; Standard Patent, \$9.95; First Clear, \$8.50.

THE FEED MARKET.—We have emphasized repeatedly the importance of playing safe on feed. The mill feed market has dropped \$3.50 per ton from high point. This is a loss of 13 cents per barrel. We are using a \$3 feed hedge again in our cost card. One mill is figuring a \$4 hedge.

Relatively heavy feed sales have been made this week—about 19,000 tons—against 13,000 tons last week. We again urge the importance of merchandizing—rather than dumping feeds. Feed may advance a little later. We know of one jobber who booked a round lot for future shipment. But play safe, and use a \$3 feed hedge. The weak cash corn market has pulled down the price on standard middlings. Early this week, country bran sold as low as \$27.50 per ton, and some city sales were made at \$27.75. Feed for forward shipment has lost its earlier premiums. Prices are a little stronger to-day. The following is a fair cross section of values: Standard bran, \$28.50; standard middling, \$31; flour middlings, \$35.50; and red dog, \$40.50.

Condensed market cost card

[Market bulletin issued to clients by George Livingston, 603 Second Avenue South, Minneapolis, Minn., Feb. 21, 1925]

| | Market basis for shipments in— | | |
|-----------------------------------------------------------------|--------------------------------|---------|----------|
| | 60 days | 90 days | 120 days |
| Wheat basis (May) \$1.78½ plus premium and carrying charge..... | \$1.897 | \$1.923 | \$1.947 |
| Wheat mixture cost for 4 bushels (35 pounds)..... | 8.70 | 8.82 | 8.93 |
| Operating expense..... | 1.00 | 1.00 | 1.00 |
| | 9.70 | 9.82 | 9.93 |
| By-product credits, regular extractions: | | | |
| Second clear.....barrels.. \$5.45 | | | |
| Low grade.....tons.. 31.50 | | | |
| Bran.....do.. 15.50 | .89 | .89 | .89 |
| Shorts.....do.. 17.00 | | | |
| Cost of 191 pounds patent flour (bulk)..... | 8.81 | 8.93 | 9.04 |
| Cost of 200 pounds patent flour (bulk)..... | 9.22 | 9.35 | 9.47 |
| Package cost (98's cotton)..... | .32 | .32 | .32 |
| Total cost 200 pounds 95 per cent patent flour..... | 9.54 | 9.67 | 9.79 |

THE GRAIN AND FLOUR MARKET.—Light grain receipts have given firm tone to cash wheat market. Light buying by mills, however, has kept premiums at about same level as a week ago. If flour sales should pick up, premiums are likely to advance sharply. Indications are that milling wheats will become increasingly scarce as the season progresses with corresponding higher premiums. More hard-winter wheat may be drawn here later by attractive premiums. There is a noticeable variation in judgment on premiums to-day, but the following represents a fair cross section. Our cost card is figured at 11 cents over for 12 per cent protein mix. A 12½ per cent protein is worth 16 cents over, a 11½ per cent—5 cents over, and 10.5 to 11.2 per cent mix can be bought at around the May option.

"The melancholy days have come, the saddest of the year"—you can supply the rest. Some mills are becoming nervous, and price concessions are being made to force business. There is hardly enough flour being sold to make a market. Sales for the past week were around 12 per cent of capacity—the lowest sales record of the crop year. Mill activity has dropped to around 60 per cent—a decrease of about 5 per cent from last week. Prices quoted to-day are noticeably out of line with cost figures. This may be due to one of several reasons—lower wheat standard, not using feed hedge, lower conversion and profit margin. Whatever the reason, we stick by our figures. Prices quoted to-day (in cottons, Mpls.) are: Family Patent \$9.80, Intermediate Patent \$9.45, Standard Patent \$9.20, First clear \$8.25, and Second clear \$6.25.

THE FEED MARKET.—Feed markets continued extremely heavy during the week, and wheat feeds showed a further break of \$1.50 to \$2 per ton. Offerings of all grades of mill feeds were in ample supply and the consumptive demand remained extremely light.

Jobbers who are still long on feed have not given up hope—that sometime between now and grass an active demand for bran and middlings will develop. But at present there is absolutely nothing in sight to give much encouragement to folks long on feed. Nominal prices to-day, Minneapolis basis are: Standard Bran \$22, Pure Bran \$22.25, Standard Middlings \$23.50, Flour Middlings \$28, Red Dog \$38.

In the bulletin of January 31, 1925, the total cost of 200 pounds of 95 per cent patent flour for shipment in 60 days is shown as \$9.96, and the prevailing price of 196 pounds Standard Patent as \$9.95.

In the bulletin of February 21, 1925, the corresponding cost and price are shown as \$9.54 and \$9.20.

In other words, the prevailing price of 196 pounds of flour was 1 cent less than the cost of 200 pounds of flour on January 31, while on

February 21, the price was 34 cents less than the cost, according to the data on Mr. Livingston's bulletins.

In explaining the price being so much below the cost on February 21, Mr. Livingston gives the possible reasons as follows: "Prices quoted to-day are noticeably out of line with cost figures. This may be due to one of several reasons—lower wheat standard, not using feed hedge, lower conversion, and profit margin. Whatever the reason, we stick by our figures." This is, of course, an admission by Mr. Livingston that his figures for wheat mixture cost, feed credit, and operating expense may result in arbitrarily high so-called costs and do not reflect the actual costs of Northwestern mills.

The inflated character of Mr. Livingston's so-called costs is indicated by the following letter from the vice president of the King Midas Mill Co., Minneapolis, Minn., to Mr. Livingston under date of December 11, 1924:

As you know, the members of the Southern Minnesota Mills, report daily to the Secretary of that organization, the sales made for the previous 24 hours, together with prices at which the business was taken, these prices being reduced to a basis of 95 per cent flour. These reports form the basis for a consolidated report issued by the Secretary daily, to all members, on which the individual sales are tabulated.

The comparisons between the prices at which the sales are actually being made, and the cost as shown by the charts which you are issuing each week, are interesting. We believe that your cost charts are accurate and substantially correct; and we find that they correspond very closely with our own cost figures. We believe that the figures shown on your chart represent approximately the average cost of producing flour in all of the mills of the Northwest. It is rather discouraging to note that the average price at which the members of the Southern Minnesota Mills have taken business during the Fall months, has been all the way from 8¢ to 50¢ per barrel below a reasonable cost basis.

| | Cost as per Liv- ingston chart | Average selling price |
|----------------------|-----------------------------------------|-----------------------------|
| Oct. 18..... | | |
| Oct. 22..... | \$7.50 | \$7.15 |
| Oct. 25..... | 7.34 | 7.03 |
| Oct. 30..... | 6.99 | 6.91 |
| Nov. 8..... | 7.00 | 6.91 |
| Nov. 15..... | 7.46 | 6.76 |
| Nov. 22—60 days..... | 7.75 | 7.24 |
| 90 days..... | 7.64 | 7.27 |
| 120 days..... | 7.75 | |
| Nov. 29—60 days..... | 7.86 | |
| 90 days..... | 7.66 | 7.33 |
| 120 days..... | 7.77 | |
| Dec. 6—60 days..... | 7.88 | |
| 90 days..... | 7.96 | 7.52 |
| 120 days..... | 8.08 | |
| | 8.19 | |

The fact seems to be that Mr. Livingston's figures are inflated specification costs, while the mills associated in the Southern Minnesota Mills based their prices on their actual uninflated costs at that particular period.

One of Mr. Livingston's items of cost, namely, operating expense, or conversion cost, remained fixed at \$1 from September 27, 1924, to February 21, 1925, the latter being the last bulletin obtained. In discussing his costs, in the bulletin of September 27, 1924, Mr. Livingston stated: "Assuming an arbitrary figure of \$1 per barrel

for operating expense, the cost of 200 pounds of straight flour and 75 pounds of feed is \$7.62."

Whether the prevailing flour prices shown by Mr. Livingston in his market bulletins accurately reflect such prices or not, certain it is that one of the "clients," Walter Stern, president of Bernhard Stern & Sons, Milwaukee, Wis., wrote Mr. Livingston, in part, as follows on November 12, 1924:

May I be permitted to suggest that reference to sales made on a low conversion charge may react unfavorably for the general good in probably encouraging a weak subscriber to accept a less conversion charge than if he were informed of many sales that are made with a proper conversion charge.

SOUTHWESTERN SECTION.—The milling companies and millers' associations of the Southwest have been active in cooperating on the elements making up the prices of wheat flour, especially costs.

This matter was under discussion in Nebraska in 1922, as is shown by a letter dated July 31, 1922, from the York Milling & Grain Co., York, Nebr., to the Nebraska Millers Association, Omaha, Nebr., reading, in part, as follows:

We did not intend to convey the idea that we favored the control of prices by mills in Nebraska, unless all of us were ready to take up duties at Leavenworth, but in order to save our properties, we did think it time to observe and maintain certain costs entering into the manufacture of flour and other wheat products, to give us back only and to wire our daily minimum price to you the moment we consummated any sale regardless of quantity, which in turn would be given to members by wire from your office. Such members in turn would act according to their own judgment.

The subject was brought up again in the Southwest in 1924.

On April 10, 1924, E. L. Stancil, general manager of the George P. Plant Milling Co., St. Louis, Mo., wrote R. C. Sowden, president of the New Era Milling Co., Arkansas City, Kans., in part, as follows:

There is only one policy that I believe could be uniformly acceptable to all millers and at the same time be workable and that is to understand thoroughly what the minimum cost of manufacturing a barrel of flour is. That can be 75¢ or it can be \$1.00 per barrel and if plants were operated with that understanding, it would be easy for those of us who try to make a superior quality of flour to get an honest price for it.

I plan to be in Kansas City at the meeting of the Southwestern Millers League unless something interferes and I hope that I shall have the pleasure of seeing you there.

In a bulletin dated April 26, 1924, J. N. Campbell, secretary of the Nebraska Millers Association, described the discussion of costs at a recent meeting of the millers of the Southwest held at Kansas City, as follows:

President Hoffman of the Kansas Flour Mills Co., presented his ideas in regard to how to figure costs of flour production and sales which we know will be interesting and useful to millers as a check on figures they have worked out for themselves. These costs must vary as affected by location, quality of equipment and ability of management. Mr. Hoffman said: Figure 4.6 bushels of 12% protein wheat to the barrel of flour, at market price. Deduct net worth of 53 lbs. of bran and 27 lbs. of shorts to get net cost of the wheat. Conversion costs must be based on a 12 hour day operating time. They cannot be less than 65 cents a barrel and a great majority of the millers consider 80 cents much nearer right.

Minimum cost of sales made by travelling salesmen is 25 cents and may have to be estimated as high as 35 cents per bbl. Sales to brokers in round lots must carry at least a commission of 15 cents.

Figure 95% flour at 20 cents over straight; Long patent 30 cents, and patent at 50 cents above straight. Add sacks and freight to destination.

On long time sales, Mr. Hoffman said, they expected to or would make long time sales of four to six months on a basis of cost, profits and carrying charges but in estimating cost of wheat he puts the premium figure at 7 cents above the July option at Kansas City, and feed prices estimated at \$14.00 to \$15.00 per ton.

Manager Harry Randall of the Midland Milling Co. said that conversion costs were about 81 cents; sales costs ranging from 24 to 36 cents per barrel. The industry would fare better if no forward sales were made beyond 60 days and drafts should carry interest charges for the time they were out. He said the mills at present are making practically no sales at a loss. They are abandoning the habit.

Two other millers expressed the opinion that conversion and office expense should be about 85 cents per barrel. 15 cents for sales to bakers and brokers and 25 cents for salesmen.

Mr. Martin Ismert said that the I-H company positively would not make any forward sales beyond 60 days no matter what other mills might do. No contracts should be booked on new crop before June 15th.

Reports submitted by members of the Kansas Flour Club for the week just past, showed average capacity sold by the mills reporting, of only 22%, of which sales 96% were of the "A" class showing a profit; 4% were in the doubtful "B" class, and no "C" sales at all.

On May 17, 1924, C. V. Topping, secretary of the Southwestern Millers League, Kansas City, Mo., wrote to Mr. Campbell as follows:

I am very sorry that you were not at the meeting yesterday and no doubt you will get in touch with Mr. Abbott and he will give you all the information in regard to the meeting.

But for fear that he may not advise you fully I want to say that while the terms and long time bookings were discussed, we did not get any where in the way of correcting or reducing the time. Three or four of the big mills of Kansas City advised that under favorable conditions and to the right kind of parties, they would book flour as much as six months in advance. They were open and frank in their statements so they cannot be criticized in saying what they would do and it put every one on their guard to know just what the conditions would be. We hope to correct and reduce these long time bookings by the work that we have outlined.

The meeting went on record as favoring very strongly group meetings weekly, and we are arranging for 4 groups in Kansas, and Mr. Abbott rather discouraged the idea of having more than one group in Nebraska, and [that] group to be Omaha. I do not quite agree with Mr. Abbott on this plan as I feel that you might be able to form another group, taking in your large mills such as Gooch, Crete, Black Bros. and mills of that class and make this group either Lincoln or around in that district among these mills. Then, of course, the Omaha meeting could be held and information exchanged.

The idea of this is to report at all of these meetings the A, B, C, class sales by each mill and be free and frank with each other in discussing these problems and find out on what conversion charge they arrive at A, B, and C class sales. Have a definite plan and program for each meeting so that it will insure attendance. These group meetings will gradually spread and will benefit your local organization as well as the League.

The Kansas City millers meet every Tuesday noon at luncheon and are doing some very fine work. The information obtained at the Kansas City meeting will that night be disseminated to all of these groups who have appointed a Chairman or Secretary and it is thought that the interior or the mills outside of Kansas City should meet either Wednesday or Thursday so as to have this information fresh. Then each group meeting will have a list of the different groups and the Secretary of each group will mail the others information and report of their group meeting. This will then be disseminated among the members so that you are going to have some very valuable information and without any additional cost.

That is the big talking point of such a group organization.

I hope that you will go ahead and organize at least one interior group outside of Omaha as I feel the interior mills may have a delicacy about attending the Omaha meetings and give freely the information, and possibly the Omaha

mills may not feel perfectly free in giving the interior mills at a luncheon or at one of their meetings. But you can do this thru your group meetings.

The Kansas, Oklahoma, Missouri Secretaries were here, also Texas.

The following memorandum was secured from the files of the Kansas Millers Club, Wichita, Kans.:

We, your committee, respectfully recommend:

1. Regular weekly meetings at all milling centers.
2. The adoption of the A. B. C. plan with some modification as to defining more definitely the meaning of the different classes. This work is now in the hands of the Sub-Committee who will probably make their recommendations this week.

The A. B. C. reports are the basis for these weekly meetings. Everyone should bring with them their report. Should they find it impossible to be present their report should be mailed so that it could be read at the meeting.

3. Exchange of information between all sections—a full and complete report of the local meeting should be made immediately following each meeting to the Secretaries of local meetings in other sections.

4. Do not act on reports received from Traveling Salesmen, Brokers, or Buyers, until confirmed. Use the telephone freely, there is altogether too much misinformation.

Regular weekly meetings are now being held in Kansas City each Tuesday noon at the K. C. Club; at Wichita every Thursday noon at the Lassen Hotel; at Hutchinson every Friday evening at the Stamey Hotel and at Salina or Abilene every Saturday noon at the Salina Country Club or the Abilene Club. Regular weekly meetings are also being held in Oklahoma City and Omaha. All of these meetings have been well attended and are most interesting. The exchange of reports between the different sections read at these meetings gives every one a good idea as to trade conditions.

This movement is not confined to the Southwest but extends over the entire country.

A conference of all Milling Club's Secretaries has been called for St. Louis Thursday, June 12, 1924, for the purpose of closer cooperation and the dissemination of information between the different sections of the country.

It was the consensus of the opinion of the Special Committee that the holding of regular weekly meetings at all centers would be more convenient for most of our members as it would give the millers of the different sections an opportunity to become better acquainted with each other and discuss their own local trade conditions, which, together with the general information received from other sections, would make these meetings worth while.

If you cannot attend these weekly meetings your A B C report should reach Wichita Thursday morning, Hutchinson Friday morning, and Salina Saturday morning.

On June 11, 1924, R. E. Sterling, associate editor of the Northwestern Miller and secretary of the Kansas City Millers Club, wrote to Walter Stern, of Bernhard Stern & Sons (Inc.), Milwaukee, Wis., as follows:

I very much appreciate your most interesting letter of the 5th, mentioning certain bad practices and evils in the trade which we might properly comment on in the Miller.

All of the things which you mention are undoubtedly, and most unhappily, true. I do believe, however, that conditions are improving. Naturally my own immediate contact is with millers here in the Southwest and among these I am positive there is a very much better feeling about conditions and very much greater determination to go forward on sounder lines than those which prevailed especially last year. I can best describe this by saying it is a sort of spiritual regeneration. There are no new rules and certainly there is nothing in the form of any sort of agreement, but all of our millers, or nearly all of them, have a quite unprecedented amount of determination to bring about a new and more wholesome situation in the industry.

Not a little of this has been accomplished by a certain sort of leadership which has been exercised by the millers of Kansas City. Last October we began meeting together at luncheon on Tuesday of each week. For a time there would be only five or six but as things went along the attendance in-

creased and now there is every week at least one and very often two representatives from every mill here with one exception. Not only that but we make a point each week of trying to have one or two millers in from out of town.

Following the example of Kansas City Millers, the millers in the neighborhood of Salina, those in the neighborhood of Wichita and those in and about Hutchinson have adopted the same practice. Once in a while one or two of our millers from here will go out to visit with them.

Please understand that in all of this there is nothing said and certainly nothing done which might not be subject to the fullest publicity. We simply discuss trade conditions and exchange experiences. We do not exchange price information or anything of that sort. A few weeks ago, however, we did begin discussing new crop sales and have within a short time built up a very definite feeling among millers in opposition to new-crop sales based on guesses on new crop wheat prices. As a matter of fact, the thought has rather become frozen around the probable wheat cost of seven cents over our September, with feed figuring on a basis of \$12.00 per ton, bulk, Kansas City.

It may be that here and there millers are taking a chance and disregarding this sound basis of reckoning costs but I do not believe there will be any panic to follow these few misguided mills.

Friday of this week three or four millers are going to meet with the millers at St. Louis and try to get them to get together in the same fashion, illustrating its advantages by telling them what we have done out here.

There is, you will understand, no association or organization. We are simply trying to draw a little bit closer together and so far the results have certainly been highly beneficial.

I have been trying in the columns of the Miller to bring out this thought right along. I mean the thought that milling conditions are not going to be improved by seeking for some new form of machine or depending in any degree upon mechanics. Rather I feel that better conditions will come out of better methods of thinking,—a sort of new philosophy in which making a reasonable profit is to be regarded as more desirable than beating a competitor to an order.

I do not feel so strongly against long distance sales as I do against the prices at which long distance sales are made. There is no real harm in selling flour to a baker for shipment over a period of ten years, providing the price is right and the man has sufficient moral and financial strength so that you will be sure he will keep the contract. I think millers are going to continue to sell to bakers over a period of several months,—perhaps not to exceed six,—but if they get a price which will enable them to afford to do this no real harm is done. So far as I know, few millers sell to jobbers and distributors for shipment through a long period of time.

Personally I have greatest confidence in the immediate future of milling. I do not mean next year or the year after but I mean right now. I understand that the millers of the Northwest are getting themselves in better shape and, as I said in the beginning, I know that our millers down here are set for a good year.

A memorandum bulletin, dated June 23, 1924, and signed by Frank Foltz, secretary of the Oklahoma Millers League, Oklahoma City, Okla., reads as follows:

IMPORTANT NOTICE.

At our meeting here last Thursday night it was announced that our next Group Meeting would be held on Wednesday Afternoon, June 25th, at the Office of the El Reno Mill & Elev. Co. at El Reno, Oklahoma. We have since then received notice that the Third Annual Meeting of the Kansas Millers Club will be held at Newton, Kansas, on Thursday afternoon, June 26th, at the Arcade Hotel.

This will be a general meeting, and the Kansas Millers have extended an invitation to all millers in the Southwest to attend this meeting. Mr. Stevens informs me that all of the other Groups viz. Wichita, Hutchinson, Salina, Abilene and Kansas City have agreed to postpone their regular group meetings for this week and attend the general meeting at Newton on Thursday, the 26th, and submit their Sales Reports at that meeting.

After talking this matter over with our President, Mr. Ford, and some of the other Oklahoma Millers it was decided to cancel our group meeting at El Reno and invite all of the Oklahoma Millers to attend the meeting at Newton, on Thursday, and submit their sales reports at that meeting.

The meeting will be called at 2 o'clock. The first hour will be devoted to a general informal discussion of the new wheat crop situation. From 3 to 6 o'clock will be allotted to the Sales Managers for the exchange of information regarding trade conditions.

I hope that all of the Oklahoma Mills will be represented at the Newton meeting, and be sure and bring your A. B. C. reports for last week. If for any reason you will not be able to have a representative at the meeting kindly mail your reports to me so I will receive them not later than Wednesday afternoon, and I will submit them at the meeting.

All those who expect to attend the Newton meeting will please mail their acceptance for the 6 o'clock dinner to Mr. George A. Norris, c/o Newton Milling & Elevator Co., Newton, Kansas. Please attend to this at once, so that they may know how many reservations to make for the 6 o'clock dinner.

On July 29, 1924, the Kansas Millers Club, Wichita, Kans., sent out the following:

CONFIDENTIAL NOTICE.

The dissemination of reliable information is necessary in the furtherance of trade in legitimate competition.

Through our weekly group meetings we have the most authentic exchange of information we have ever had, more than 85 per cent of the total production are now reporting. Let's make it 100 per cent.

It was the unanimous opinion of the members reporting, that millers who fail to make reports are not entitled to receive the general information and we are ordered to confine our market letters only to members who are reporting. So if you are not reporting through some group meeting, it will be necessary to send your weekly A B C reports direct, or we cannot send you any further market letters. Of course everyone should attend the group meetings if possible. Certainly all will be glad to do their part in this great work, unless your reports are received this will be the last market letter you will receive.

The A B C reports referred to in the above confidential notice contained the following information:

Your A. B. C. Committee Report, as follows:

Determine first the cost of flour at the mill by subtracting from the cost of the wheat used the value of the feed and adding or subtracting to the answer the customary differential to cover the grade sold. To this figure, add the cost of selling, also cost of packages, if any, and freight, if any. This figure we will term "Cost, excluding conversion charge."

On each sale, subtract this "Cost, excluding conversion" from the sale price. The remainder will be known as the "Conversion Charge" and be the basis for the A. B. C. report.

REPORT AS FOLLOWS:

1. Sales carrying conversion charge of \$1.00 or more.
2. With conversion charge between 90¢ and \$1.00.
3. Between 80 and 90¢.
4. Between 70 and 80¢.
5. Between 60 and 70¢.
6. Under 60¢.

Conversion charge is the margin left in the selling price to cover expense, including depreciation, and profit after ample allowances have been made for cost of wheat, value of feed, cost of packages, freight, the grade of the flour, and whatever selling expense applies to the particular order.

A sample of the summary reports made for members in February, 1925, by the secretary of the Kansas Millers Club, Wichita, Kans., is shown below:

Flour sales reported during the week

| | Capacity sold | A (good) | B (fair) | C (poor) |
|----------------------|---------------|----------|----------|----------|
| | Per cent | Per cent | Per cent | Per cent |
| Missouri River..... | 90 | 80 | 19 | 1 |
| Southern Kansas..... | 56 | 92 | 8 | 0 |
| Central Kansas..... | 67 | 78 | 18 | 4 |
| Northern Kansas..... | 43 | 95 | 5 | 0 |
| Oklahoma..... | 32 | 69 | 23 | 6 |
| Nebraska..... | 85 | 85 | 15 | |
| St. Louis..... | 65 | 87 | 13 | |

RANGE OF PREVAILING VALUES IN STRAIGHT OR MIXED CARS WITH FEED DELIVERED K. C. RATE POINTS

| | | |
|----------------------|---------|--------------------------|
| High patent..... | 10.40 @ | 10.60 basis 48 # cotton. |
| Standard patent..... | 9.80 @ | 10.10 basis 48 # cotton. |
| Bran..... | 1.45 @ | 1.50 per hundredweight. |
| Mixed feed..... | 1.60 @ | 1.65 per hundredweight. |
| Gray shorts..... | 1.75 @ | 1.80 per hundredweight. |

Mr. Chauncy Abbott, Jr., as chairman of the group of millers of eastern Nebraska, explained the salient features of the group system of weekly millers meetings at the principal milling centers of the southwest.

The exchange of information at these sessions as to volume of sales and percentages of profit and loss sales and operating time has been of immense benefit to the industry in sustaining morale, eliminating evil trade practices and building up a business-like system of trade terms.

These conferences take a wide range in the discussion of cost for accounting which includes the probable shift of millfeed values markets for clear flours, cost of bags, credits and policies to be followed in making forward commitments. All of which is an invaluable ethical education in the art of milling wheat and marketing the output, so as to lessen production costs.

The technic of the flour milling industry is gradually changing for the better and it is necessary for millers to keep fully abreast of all progress in order to be successful.

Do not overlook general meeting of the Southwestern Millers at Wichita, Wednesday, February 11, Lassen Hotel.

WICHITA, KANSAS, February 3, 1925.

KANSAS MILLERS CLUB.

An explanation of the A B C symbols is given in the following plan proposed at the October 12, 1923 meeting of the Millers National Federation by R. E. Sterling, associate editor of the Northwestern Miller, and secretary of the Kansas City Millers Club:

A. B. C. PLAN

PROPOSED BY MR. R. E. STERLING

Millers have for months been compelled to sell a substantial part of their flour production near to, at, or below cost. These unprofitable sales have been thrown into the general sales account in the hope that there would be a sufficient amount of current or future business available at a profit to bring the whole volume to an earnings basis.

Every miller has a certain, if variable, amount of trade, in which there is a reasonably dependable profit; but there is constant danger that the unprofitable "volume" business will grow at the cost of the profitable trade, and the price level so created finally result in actual loss on the whole.

It is suggested that an effort be made to establish among all millers the practice of frankly and fairly classifying their sales of flour, designating them as Class "A," Class "B," and Class "C." For the purpose of this division, sales should be listed in accord with the following definitions:

Class "A"—Domestic "family trade," mill brands, actually profitable bakery distribution, and all other sales fairly representing a sound milling profit based on cost of wheat, cost of manufacture at normal rate of mill operation and actual selling.

Class "B"—Volume business carrying an apparent profit but booked largely or solely to insure operation and containing factors of uncertainty in wheat cost, feed prices, etc., which make the business of doubtful profit and possible loss.

Class "C"—Sales in which there is a known loss and which are booked solely to insure mill operation.

Sales Departments, in booking and entering business, should be required to list each sale in its proper class, and unfilled orders should be continuously carried forward under their proper listing.

Every effort should be made through milling organizations, trade publications and in meetings of millers to establish this practice of classification of sales as a part of the business practice of every flour mill.

FEDERATION CODE OF ETHICS.—At its annual meeting in Chicago on April 16 and 17, 1925, the Millers National Federation adopted a code of ethics, containing the following provisions regarding the elements making up the price of flour:

It is recommended that sales prices reflect cost plus a profit, based on the cost of replacement of raw material and a cost of operation and sales reflecting a normal average capacity actually operated by the industry, not exceeding fifty-five (55) per cent.

Section 7. Agreements, understandings, or cooperation to fix the terms of sale.

The Millers National Federation has adopted selling terms from time to time, especially uniform carrying charges per barrel on forward sales of flour and uniform differentials in the prices of flour sold in the different kinds and sizes of packages or containers.

Forward delivery and carrying charges, selling prices, and terms of sales are closely related to each other, as is indicated in a letter of September 26, 1923, from Charles L. Roos, of the Hunter Milling Co., Wellington, Kans., to Carl W. Sims, of Frankfort, Ind.

It is my opinion that at the Chicago meeting we will have to consider the sales contract along with the other matters that are now of such vital interest to millers. It is needless to tell you that many millers have exceeded the speed limit, not only in the price at which they have disposed [of] their product, but in the terms they have given. Sixty days delivery does not seem to be considered time enough. Your Committee is just as important as any and its action is bound to have an effect on the future conduct of the milling business.

It is our intention to have the October meeting a strictly business one, to discuss frankly and freely the necessities of the trade and to have the members in attendance formulate rules of conduct and business. It is not the intention to have any publicity about these matters and that is why it has not been advertised in the press.

Mr. Roos was then president of the Millers National Federation and Mr. Sims was chairman of the committee on sales contracts. The Chicago meeting referred to in Mr. Roos's letter was the meeting of the Federation held on October 12, 1923, which has already been described. See p. 20.

NORTHWEST SECTION.—In regard to this Chicago meeting, W. H. Cahill, sales manager of Bernhard Stern & Sons, Milwaukee, Wis., wrote to H. S. Helm, of the Russell-Miller Milling Co., Minneapolis, Minn., on October 23, 1923, as follows:

Under date of October 15th we were advised by our West Virginia representative that the Russell-Miller Milling Co. was offering flour to certain

baking trade in West Virginia, for shipment through May without carrying charges.

The writer recently attended the meeting of millers at Chicago and feels that it is not out of order for us to ask you the question as to whether the information we have received is correct. We shall be very glad at any time, under similar circumstances, to answer questions you might feel inclined to put to us as to our quotations or practices in quoting.

We are at present, and for several weeks past have been, restricting our sales to shipments within 60 days, and only in extreme cases shipment within 90 days at our current quotations. In any isolated instances, where we book for shipment beyond 90 days, our salesmen have instructions to add to our current quotations, 10¢ per barrel per month carrying charges, but in all instances we are doing all possible to discourage long time bookings.

A meeting of millers was held in Minneapolis, Minn., late in November, 1923, at which long-time deliveries and carrying charges were discussed. In a circular letter dated December 1, 1923, G. M. Palmer, president of the Hubbard Milling Co., Mankato, Minn., and also president of an association known as the Southern Minnesota Mills, described this Minneapolis meeting in part as follows:

A most important conference was held on Saturday last in Minneapolis. Mr. Bell of Washburn-Crosby, Mr. Loring of Pillsbury Milling Co., and Mr. Helm of the Russell-Miller Milling Co. were in attendance and addressed the meeting.

You are familiar with the demoralization existing in the milling business by which flour is sold at cost and less, and terms given not warranted by good business practice, and sales made for long-time deliveries, notwithstanding the fact that to do so means assuming a heavy carrying charge which cannot possibly be avoided.

Country mills have felt that the large Minneapolis mills were at least as great offenders as any, and it was with surprise and satisfaction that we had the positive assurance of Mr. Bell that they would not sell flour without a margin, that they would not sell beyond sixty days without a carrying charge, and that they had fully determined to make a profit on everything they sold, and had given up the idea that they would run their mills full time anyway. Mr. Loring agreed substantially with Mr. Bell, and Mr. Helm thought now was the time for our members to take these Minneapolis mills seriously and see if better conditions could not be brought about.

A. C. Loring, president of the Pillsbury Flour Mills Co., Minneapolis, Minn., is the Loring referred to in the first paragraph of the above letter. On December 13, 1923, Mr. Loring wrote to Walter Stern, president of Bernhard Stern & Sons (Inc.), Milwaukee, Wis., in part, as follows:

I have had hopes that we might possibly reach an agreement as to methods of conducting business, placing them on a sound, practical basis as to terms and conditions of sale and the enforcement of same, that might work out materially to our advantage. We are all interested in conducting business on good, sane, sound principles, and we should be able to agree on what those principles of doing business are. It is insane, in my judgment, to sell flour as it has been sold this year, and yet competition has been responsible for it in part. There is nothing, as I understand it, illegal in agreeing on the terms on which flour should be sold to all customers, and the period of time which they should have in which to take it out; but I am not over-sanguine on millers arriving at anything that can be depended upon.

In spite of Mr. Loring's being "not oversanguine on millers arriving at anything that can be depended upon," it appears that, by the late summer and fall of 1924, an arrangement had been made among important northwestern milling interests upon forward sales of flour and carrying charges.

On August 18, 1924, D. K. Yerxa, branch manager of the Pillsbury Flour Mills Co. at Buffalo, N. Y., wrote to W. H. Cahill, sales man-

ager of Bernhard Stern & Sons, Inc., Milwaukee, Wis., in part, as follows:

I have taken up with our Philadelphia office since writing you and find that my assumption was perfectly correct: namely, that no salesman of ours in the Harrisburg territory at or near the time you referred to or since has quoted any carload baker Pillsbury's Best or any of our other brands for shipment as late as April 1st or near it. We are holding our boys to January 1st and if the buyer insists upon trading for later shipment, we are figuring a full carrying charge and it is our intention to continue this policy throughout the crop year, as we, like yourselves most certainly wish to do our bit to improve the rather deplorable conditions particularly from the standpoint of long-time bookings that have surrounded the milling business for a number of years past; and furthermore, like yourselves feel that the matter is very much in the hands of the mills themselves, and therefore if any one of us have let down the bars we are very foolish indeed.

On September 17, 1924, J. K. Mulliken, of the Washburn Crosby Co., Minneapolis, Minn., wrote to Mr. Cahill, in part, as follows:

We are securing carrying charges, either by the month or in the price on all sales we are making after January 1st shipment.

Just recently, we sold a baking concern a round lot of flour for delivery prior to January 1st, with the distinct understanding—in fact, it is embodied in the contract, that they would pay 10¢ per barrel per month for all flour delivered after the above date.

Within the writer's knowledge, it is the first time this firm ever agreed to pay a cent carrying charge and we have been doing business with them for a number of years.

Of course, in selling for future shipment, we must take into account certain carrying charges on wheat and the possibility of lower feed markets during the spring months. I think that we have amply provided for that in every sale we have made for future shipment.

On November 12, 1924, Walter Stern, president of Bernhard Stern & Sons, Milwaukee, Wis., wrote to George Livingston, of the Livingston Economic Service, Minneapolis, Minn., in part, as follows:

I really believe that quite a few of the millers are decidedly lacking in backbone, and this is not only true of the smaller miller, but also some of the larger millers. You will recall that Mr. Mulliken said at the meeting that they could not add in their contracts for shipment beyond sixty or ninety days, the specifications that a carrying charge of 10¢ per barrel per month would be added for shipment thereafter, because some of the buyers would refuse to buy on such terms. It appears to me that this was a very weak admission and that it would be better if the millers would conclude that if a sufficient number would absolutely agree to make sales only for shipment not later than ninety days and that when shipment would extend beyond such time, a carrying charge of 10¢ per barrel per month would be added to the price.

I wonder whether I am right that the millers could in a perfectly legal manner enter into an agreement that no sales would be made for shipment beyond ninety days except where a carrying charge of 10¢ per barrel per month would be added to the price beyond such period. Some of the mills, especially the large ones, fear the matter of coming in conflict with the law and thereby causing them some unpleasant notoriety on the part of the activity of governmental representatives. It seems to me that trade practices probably would not come under the restriction of the law as far as entering into an absolute agreement with reference thereto is concerned.

If a sufficient number of mills and representative concerns actually signed an agreement not to sell for shipment beyond ninety days, except where a carrying charge of 10¢ per barrel per month is added to the price, Mr. Mulliken and others would have no difficulty in selling their buyers accordingly. It is my suggestion that information be received from some legal advisor as to whether such an agreement would in any manner conflict with any laws whatsoever. I am quite satisfied that there would be no conflict with any law in drawing up an agreement to comply with certain trade practices, but would like to have your reaction to this suggestion.

If such an agreement could be legally entered into and we had a sufficient number of mills to sign the agreement and to have the same go into effect after a certain date and then have a circular printed that we could send out to our customers and all our sales representatives, you can readily see that we could make a complete turn-about-face in our entire industry in this matter. I would like to suggest, however, that such an agreement be made effective as of some future date, so that enough millers in all sections of the country could be corresponded with and get most of them in the fold. One thing is certain, that unless the millers as a group, will make real honest-to-goodness efforts to improve trade practices, they will certainly never attain them. I am also entirely out of patience with the miller who stated that he could carry his wheat for 5¢ a barrel per month, as in making that statement, he entirely disregards that the 10¢ per barrel per month carrying charge also should cover the risk that the miller takes with reference to the fluctuation of his cost by such important factors as feed, etc. when making contracts for future shipments.

A large part of the poor price level and grief to the milling industry can undoubtedly be ascribed to the practice of selling for shipment beyond ninety days. It can be readily seen that this is the breeding place for resales, cancellations on declines, etc., etc.

Mr. Livingston replied to the above letter on November 17, 1924, in part, as follows:

I have read with a great deal of interest your comment on the matter of carrying charges. I am working on this, together with the matter of overhead, and am trying to get something formulated for the meeting on Wednesday. I hope you will find it possible to be here, and if time will permit, I would enjoy talking over these things with you before the meeting in the afternoon.

On December 9, 1924, A. C. Loring, president of the Pillsbury Flour Mills Co., Minneapolis, wrote to George M. Palmer, president of the Hubbard Milling Co., in part, as follows:

Answering that paragraph in your letter in regard to the progress being made by the Executive Committee, would say, after considerable discussion, it was thought best to put the subject entirely in the hands of Mr. Livingston, to see if he, by various conferences, could not arrive at some basis of adjustment. He was in our office for an hour or so yesterday afternoon, and he admits frankly that, so far, he has been unable to formulate any set of rules that the various mills would agree on, and was quite disturbed as to the development of the situation. He was also rather uncertain as to how far any rules could be formulated, and said that he would leave for Washington last night, for the purpose of getting in touch with officials there, to see how far an arrangement of this kind could go.

I feel now, and have always felt that a movement such as proposed, must be one of exceedingly slow development. You have years of competitive conditions and customs established in the trade that can only be ironed out slowly. I am still very strongly of the impression, could it be done, and we could get all the mills in the Country to adopt it, that the best move we could make would be to sell all flour on the basis of four months delivery, with 1/4¢ per day credit for each day the flour was ordered out prior to the end of the four months period. I appreciate that it would be a very hard thing to do, and, yet, if it could once be established and this made the basis for selling flour, it would insure the miller a return for the expense that he now suffers through the non-delivery of flour.

I am more than pleased to have you write me, and assure you that the question of better terms and conditions will be given as full consideration as will be permitted by the attitude of the various concerns.

On December 10, 1924, James F. Bell, vice president of Washburn Crosby Co., Minneapolis, Minn., wrote to Mr. Palmer, in part, as follows:

I don't know whether there have been any meetings during my absence, but I think these should be held frequently, particularly in these dull times when slack business makes for disquietude.

I am hopeful, too, that our Executive Committee have been working along a plan through which the proper information may clear and whereby many of these apparent difficulties can be ironed out to the satisfaction of all concerned, as I feel this is a very critical time and we must all work together in a constructive manner if we are to preserve general morale in the industry.

On December 12, 1924, Mr. Palmer replied to Mr. Loring's letter of December 9, as follows:

I believe that it would be a good plan to have another meeting of the Spring Wheat Millers' Club as soon as Mr. Livingston can give report on the proposed code of ethics. Will you, therefore, kindly act as promptly as possible with Mr. Livingston when he returns, with a view of having a meeting called as soon as possible?

I believe, in these dull times, that it is quite essential that we have frequent meetings, as otherwise it is hard to hold some of our members in line.

On December 12, Mr. Palmer also replied to Mr. Bell's letter of December 10, in part, as follows:

There has been no meeting since the one you attended last. In correspondence with Mr. Loring he advised me that the attempt to frame up a course of ethics for our members had been turned over to Mr. Livingston and that Mr. Livingston had gone to Washington to consult with some people there in regard to what could be done along this line. I have been hoping this report would be forthcoming without much more delay as I realize that we should have frequent meetings, and I believe one is due at this time. I am writing Mr. Loring today to advise me at the earliest possible moment what progress Mr. Livingston is making with the view of calling the meeting as soon as possible.

On December 13, 1924, Mr. Loring replied to Mr. Palmer's letter of December 12, as follows:

I am receipt of your favor of December 12th, and upon Mr. Livingston's return will take the matter up and discuss it with him.

The situation, to my mind, is not improving. Mr. Livingston is having great difficulty in formulating any plan that can be agreed upon. I fear that our "friends-down-the-street" have rather gotten "cold feet" on the proposition of a code of ethics, which is going to make it very hard to adjust. As you know, Mr. Livingston has gone to Washington, for the purpose of ascertaining how far, and in what way, an industry can go and be entirely within their rights.

Upon Mr. Livingston's return, will be glad to take the subject up again.

On December 20, 1924, George Livingston, of the Livingston Economic Service, Minneapolis, Minn., issued the following special memorandum:

The Executive Committee of the Northwest Spring Wheat Millers' Club has received an invitation from Mr. H. G. Randall, acting in behalf of the southwestern millers to attend a joint meeting at Kansas City to discuss milling problems of mutual interest. I assume the Executive Committee will accept this invitation, since it offers an unusual opportunity to exchange views of important milling questions of special interest at this time to both sections.

I am informed that there will be a meeting of the Northwest Spring Wheat Millers' Club held in the near future,—perhaps just prior to the conference with the southwestern millers.

The Holiday season is slowing up the flour business, but most millers are accepting the situation without anxiety. Flour buying during this period of the year has always been at a low ebb, and there is nothing to be gained by trying to force buyers under present market conditions. Our survey leads us to believe buyers will be especially alert at this time to demoralize the present market situation. And any mill which yields to pressure of present holiday market conditions will be the victim of bargain terms, and consequently will restrict the booking of business on a fair basis after the holiday season. Now is the time to think of, and to begin the practice of, New Year's resolutions

relating to sound business methods—and not the time to let the holiday spirit run away with good judgment.

According to a bulletin issued January 8, 1925, by Mr. Livingston, there were about 50 persons at the Kansas City meeting "including President Sydney Anderson and representatives from Omaha, St. Louis, Salina, Hutchinson, Wichita, Oklahoma City, and Texas mills. The Northwest was represented by Messrs. Loring, Helm, Gallaher, Baldwin, Palmer, McClure, Mulliken, Cahill, and Vandover."

Mr. Livingston described the discussion on terms as follows:

The meeting on January 6, at Kansas City, of the executive committee of the Spring Wheat Millers' Club and representatives of the Southwest mills was characterized by harmony and good feeling. There is every indication that there will develop better understanding and closer cooperation between these two important milling sections. The meeting was informal and the discussion centered around the code of business ethics. Special emphasis was placed on forward selling, and the question of amending the Federation's sales contract to provide for a uniform method of price quotations and application of the carrying charges was discussed at some length. The proposal receiving consideration was presented by Mr. Loring and involved the modification of the contract so as to base all price quotations on 120 day shipment with a discount of $\frac{1}{2}$ ¢ per barrel for each day flour was ordered out before the termination of the contract. The proposal received sympathetic consideration, and by resolution the matter was referred back to the several group meetings which are held from time to time in the Southwest for consideration and later presentation at the April meeting of the Millers' National Federation.

No further information regarding activity by Northwestern mills on selling terms was secured until at the April, 1925, meeting of the Millers' National Federation in Chicago, which is described on page 81 below.

× SOUTHWESTERN SECTION.—The mills in the Southwest apparently became interested in establishing uniform selling terms on flour in the spring of 1924, as the earliest information secured on this point in this section was for April 1924.

On April 11, 1924, C. V. Topping, secretary of the Southwestern Millers League, Kansas City, Mo., wrote to T. L. Hoffman, president of the Kansas Flour Mills Co., Kansas City, Mo., as follows:

I talked with you some time ago and you explained quite fully your method of handling time sales.

There is a great deal of talk now and we are getting ready for the new crop and I feel that the southwest should take a stand and get together on some kind of a proposition so that all of the mills sell and adopt a uniform basis whether it be six months or [a] year. There should be an established and uniform basis for charging for this long time booking, and I think your plan contemplates a certain amount to be added for each month as a carrying charge, and in the event that the flour is taken out before the contract time, credit is given the buyer.

It seems to me that some thing of this kind could be worked and the plan adopted by all, and if we can agree on the basis, it might be put over in other sections of the country.

My idea in writing you is that you handle this topic at our meeting on the 23rd as I am leaving this evening for Washington and I will not have an opportunity to see you and talk it over. I have talked the matter over with Mr. Martin Ismert and had a short talk with Mr. Hardensburgh; and I believe that some good plan can be worked out and adopted and will be of great benefit to the millers.

I will appreciate it very much if you will go into this matter and be prepared to present something tangible to the meeting.

The meeting referred to above was held at Kansas City on April 22 and 23. According to a bulletin issued on April 26, 1924, by J. N. Campbell, secretary of the Nebraska Millers Association, Omaha, Nebr., the following statements were made regarding selling terms:

On long time sales, Mr. Hoffman said, they expected to or would make long time sales of four to six months on a basis of cost, profits and carrying charges.

Manager Harry Randall of the Midland Milling Company, said that conversion costs were about eighty-one cents; sales costs ranging from twenty-four to thirty-six cents per barrel. The industry would fare better if no forward sales were made beyond sixty days and drafts should carry interest charges for the time they were out.

Mr. Martin Ismert said that the I-H Company positively would not make any forward sales beyond 60 days no matter what other mills might do. No contracts should be booked on new crop before June 15th.

On May 2, 1924, C. V. Topping, secretary of the Southwestern Millers League, wrote to G. G. Sohlberg, of the Acme Milling Co., Oklahoma City, Okla., regarding the meeting of a committee about the middle of May to formulate a plan. A sheet attached to this letter carries the names of 4 committeemen from Oklahoma, 7 from Kansas, 3 from Nebraska, and 4 from Kansas City. At the bottom of this sheet appears the following:

MR. SOHLBERG. I move that a committee of millers from Kansas, Nebraska, Oklahoma and Missouri River be appointed with the Secretary to work out a plan to sell flour to brokers and bakers, particularly with reference to long time booking. This committee to be appointed from representative districts and large enough to cover the territory generally.

The committee met at Kansas City, Mo., on May 16, 1924, and on May 17, Mr. Topping wrote to J. N. Campbell in part as follows:

I am very sorry that you were not at the meeting yesterday, and no doubt, you will get in touch with Mr. Abbott and he will give you all the information in regard to the meeting.

But for fear that he may not advise you fully I want to say that while the terms and long time bookings were discussed, we did not get any where in the way of correcting or reducing the time. Three or four of the big mills of Kansas City advised that under favorable conditions and to the right kind of parties, they would book flour as much as six months in advance. They were open and frank in their statements so they cannot be criticized in saying what they would do and it put everyone on their guard to know just what the conditions would be. We hope to correct and reduce these long time bookings by the work that we have outlined.

On June 12, 1924, J. W. Craver, of the Aunt Jemima Mills Co., St. Joseph, Mo., wrote Mr. Topping, as follows:

I have looked over your letter of May 28th to our Representatives and Salesmen.

I note you refer to 5¢ per barrel carrying charge, and 50¢ entering charge. Is this to be general in the Southwest the coming season?

Southeastern mills are working on 10¢ per barrel carrying charge. As we see it, there would be a loss in carrying wheat for forward sales at 5¢ per barrel, unless we could buy wheat at considerably below \$1.00 per bushel.

I should like to hear from you by return mail.

On June 16, 1924, Mr. Topping replied as follows:

I am in receipt of yours of the 12th and note what you say, that the south-east are working on a 10¢ per barrel carrying charge.

I had occasion to talk with a number of the soft wheat millers over in St. Louis last week and find their carrying charge is 10¢ whenever they make it. But I am inclined to think that in the past there has been very little carrying charges collected on these contracts both in the hard and soft wheat districts.

I feel that there should be a charge collected and I know that a move is being made to carry out the contract as outlined in the Federation contract.

It looks very much to me as if we were going to have a better season and mills generally are lining up to make a little money this year.

Every meeting I have attended, they seem to be in a mood for getting some returns on their investment and with the crop situation in the way it is, it looks to me as if the southwest would come in for a good year's business.

On June 17, 1924, Mr. Craver replied as follows:

I have your letter of June 16th.

Just as soon as you have something definite as to what the Southwest mills are going to do in the way of carrying charge for next year's business, I should like to hear from you. It is going to be necessary for us to order some new contracts soon and we don't want to include a 10¢ per barrel carrying charge after 90 days if everyone else in the Southwest is going to work on a 5¢ per barrel carrying charge.

Trusting that I may have the pleasure of hearing from you at an early date, I am,

On June 18, 1924, Mr. Topping replied as follows:

I am in receipt of yours of the 17th and in reply the mills are going to stick to the 10¢ per barrel per month carrying charge as a maximum.

But there is a move on foot to change this somewhat and charge 1¢ for each three days or fraction thereof as the mills seem to think that this would be the most satisfactory way and the buyer then would only pay for the actual time.

I will keep you advised of any developments along this line.

On July 31, 1924, W. H. Cahill, sales manager of Bernhard Stern & Sons, Milwaukee, Wis., wrote to R. C. Sowden, of the New Era Milling Co., Arkansas City, Kans., as follows:

It is quite surprising to us today to receive a report from our Central Pennsylvania salesman (Harrisburg, Pa. district) that on July 29th Polar Bear was being quoted in that territory for shipment to April 1st, 1925. It is very difficult for us to believe that this report is true and so we are taking the liberty of writing to ask you as to whether or not you have made any quotations for such time of shipment. We are trying mighty hard to not only hold rigidly to prices consistent with cost, but also to get away from long time bookings, in fact wherever possible we are confining our shipments to "within sixty days."

You will oblige us very much by letting us hear from you in response to this communication, and of course you know that we shall be only too glad to reciprocate at any time.

Mr. Sowden replied on August 2, 1924, as follows:

We have one round lot of flour sold in the Harrisburg district for August and September shipment and we expect to deliver this flour by October or collect the regular Millers' National Federation carrying charge.

The report that we are quoting Polar Bear for shipment to April 1st, 1925, we are inclined to believe is salesmen's talk because we certainly have quoted nothing down there for shipment beyond 60 or 90 days, nor have we authorized any of our men to do so. What flour we are selling is for prompt or nearby shipment at prices that all show a profit and this business is much more satisfactory than the long time bookings last year.

For your information we do not have half the flour on our books now that we had a year ago and in talking with other mills we find that this seems to be the general situation.

On September 10, 1924, J. W. Weigel, manager of the Dodge City Flour Mills, Dodge City, Kans., wrote to C. V. Topping, secretary of the Southwestern Millers' League, as follows:

Recently we have been hearing of the extremely low prices that have been made by Kansas Mills in various domestic markets. These complaints are becoming more numerous daily. Not only are prices below cost of production being quoted, but terms and conditions of sale are becoming as loose as ever. Our brokers and salesmen tell us that there are very few mills that are asking carrying charges any longer. We quote from a letter from our St. Louis representative which we just received this morning; he says:

"You really would be dumbfounded to know the prices and time of shipment being offered in this market; in fact, most mills have forgotten about carrying charges and are booking up until July 1st, 1925."

Our New York representative advised us yesterday that established and well advertised Kansas brands were selling in New York City for \$6.00 basis cotton 98's on 95% bakers patent grades, but that these sales were made for immediate shipment only.

We realize, of course, that you are not in position to do anything regarding this, neither do we offer the above as a complaint, but we just tho't that you might be interested in having this information from us as, no doubt, you are getting it from other sources. It is beginning to look as tho' mills were gradually drifting back into doing business on the same unprofitable and unbusinesslike basis as a year ago.

Mr. Topping replied on September 11, 1924, as follows:

I am in receipt of yours of the 10th and I am very much surprised at the contents of same and I feel beyond any doubt that your information is not correct.

I have talked with a great many millers and your broker seems to be the first one that has intimated any such condition.

The millers in Kansas City do not know of such a condition, and I wish that you would go back to him with a good strong letter, telling him that you cannot believe such is the condition and that you want him to get this information in writing showing the mills that are making these prices and these terms. Also get the name of the mill that is making a \$6.00 price in 98's on 95% at New York. I will be very much surprised to see if he is able to get such a quotation or pin any such quotations down to any mill.

The conditions at the present time were never better, mills are refusing absolutely to sell on long time and are refusing to accept any flour sale unless it shows a profit.

This is not only true of the mills along the Missouri River but it is also true of the large majority of Kansas Mills.

I wish you could attend one of the Kansas meetings at Hutchinson sometime and see what they have to say.

I will wait with interest your trying to get this information for me.

On October 27, 1924, Mr. Weigel again wrote to Mr. Topping, as follows:

Please note the attached letter and return same for our files as promptly as possible.

It is very evident now that if all mills had sold for sixty days delivery only, market conditions would be much healthier now. As it is, those buyers, especially in the larger centers, who have low priced flour that was booked three or four months ago are now setting the price and dominating the market.

It seems to the writer that if we could get together on this feature that a lot of our troubles would be eliminated. If everyone would sell for sixty days only, business would be steady. It would not be in spurts. The millers

would, of course, set the price as the resellers would be robbed of ammunition. The matter of price cutting or price differences, under those conditions, would not amount to very much. When there is no limit set as to the time of future delivery, then price differences and price cutting becomes a serious matter.

We trust that we are not bothering you too much with sending in this information.

The "attached letter" mentioned in the first paragraph of the above letter was not secured by the commission, nor was the answer of Mr. Topping to Mr. Weigel's letter.

On November 14, 1924, W. H. Cahill, sales manager of Bernhard Stern & Sons, Milwaukee, Wis., wrote R. C. Sowden regarding the sale of flour in Pennsylvania for long-time shipment. Mr. Cahill wrote:

Under no circumstances do we wish to become pests, but in line with previous exchanges of correspondence and what you have told Mr. Stern and the writer from time to time, we really feel no hesitancy in coming to you now in connection with a report just received from our Central Pennsylvania salesmen that, to use the slang expression, "knocked us for a row of ash cans." Our Mr. F. H. Fisher informs us that he ran onto a baker in Central Pennsylvania, that is, in the Harrisburg district, who claims to have purchased last July, POLAR BEAR FLOUR at \$6.75 per barrel, halves cotton, freight paid Harrisburg rate, FOR SHIPMENT UP TO NEXT JULY. (The quantity reported on this purchase was 2,000 bbls.) This baker does not claim to have purchased this flour from your mill but does claim to have purchased it through a broker, and it probably won't take three guesses for you to know who the broker is.

It is not the price that we are writing about at this time, but the extremely damaging practice of long-time bookings. To the writer's way of thinking, there hasn't been any other phase of flour selling that has caused so much demoralization and ruinous practices, than these long-time bookings. No need of our going into details with you as to the many evils that crop out of the practice of selling a buyer for many months farther ahead than he can possibly gauge his requirements. We don't want to go beyond the border of minding our own business, but we are sure that you share our point of view on this subject, and are likewise confident that such transactions, if it was actually made, was made without your knowledge and consent. Our experience in the last few months has convinced us beyond a doubt, that mills have made wonderful progress along the road of sane, sensible, dignified merchandising of flour—getting away from the hap-hazard, hit-or-miss, ridiculous methods that were employed on the previous crop, for instance. However, all the good that has been done, or a great part of it at least, will be undone if it remains even possible for a broker to make such transactions as this alleged sale, and get away with it.

Please pardon this lengthy letter. We shall be very appreciative of having your response at your earliest convenience.

With the writer's very kindest personal regards and also a greeting from our Mr. Walter Stern, we are,

Mr. Sowden replied on November 17, 1924, as follows:

You need not feel the least hesitancy in writing us concerning a report such as is contained in your letter of the 14th.

While I know absolutely that there is no baker in the Harrisburg territory or anywhere else for that matter, that has any such contract booked with us as your Mr. Fisher reports, I realize that our representative, Mr. Long, has made resales. He is financially responsible; all of our flour sales are made to him direct and he pays all the drafts. Last year I happen to know that he sold flour short and sustained quite a loss. Mr. Long handles a Montana flour account and ours and to some extent I feel that his last year's experience has been a pretty good lesson to him.

Like you we deplore this method of doing business, but the only way that we can get away from it is to put our own salesmen on this territory and we are not

yet quite prepared to do this because as you know, real flour salesmen of proven ability are scarce.

The mills this year have certainly made wonderful progress in their selling methods as you say. You may rest assured that we will continue our efforts to improve the conditions in the Harrisburg district.

With the assurance that the writer appreciates your letter and with kindest personal regards to Major Stern and yourself, I remain.

On November 26, 1924, J. L. Ford, of the Shawnee Milling Co., wrote to Mr. Sowden as follows:

I thank you for yours of the 15th. I heard from Mr. Walker. He stated that he booked up to April 1st, but not beyond. On account of his booking to April 1st, one of the Oklahoma Mills met their price at Dallas and booked on to June 1st.

The Oklahoma mills are so decidedly against this long time booking, that I immediately wrote letters trying to offset this practice that was so ruinous last year.

I do not like the attitude of Thad Hoffman. He stated recently that he did not want their branch managers to attend the Group Meetings and that he, himself, thought them very tiresome and attended only occasionally. When interrogated a little further, he did state he would have them send in their sales reports. The report, however, was quite disconcerting to the Oklahoma millers as we thought he was one of the strong advocates of the Group Meetings. There must have been some situation in Kansas that made him express himself as he did. But regardless of what that might be, when one of his influence speaks it carries a lot of weight. We think Mr. Hoffman is one of the dominating factors in the Southwest; that he is a man of fine discernment; is straightforward and disposed to be considerate of the little mill as well as the large one.

In the working out of any plan there is always a testing time along somewhere; no plan will work out 100% efficient, but when we compare the present situation with that of last year at this time, we must admit that the efforts made have been productive of wonderful results. Mr. Hoffman has been a leader and we expect him to continue one.

Another thing Oklahoma mills are determined to do and that is to clean up all the bookings as fast as they expire and not permit of extensions that will run these cheap bookings over into next year and then have these resales hitting us in the face like a boomerang.

We will have a meeting in Oklahoma City the latter part of next week. Will send you notice and hope you can get down. It will do us lots of good.

No further information was secured concerning the maintenance of selling terms in the Southwest, but for later action of the Millers' National Federation in 1925, see page 81.

PACKAGE DIFFERENTIALS.—The Millers' National Federation has established a list of price differentials to be charged by millers throughout the country for flour sold in the various kinds and sizes of packages. (See Exhibit IV, p. 123.) During the period covered by this part of the commission's investigation there were in use three such lists, the effective dates of which were December 16, 1922, January 2, 1924, and April 1, 1924. These lists were prepared by the committee on package differentials of the Millers' National Federation, and distributed in printed form by the secretary of the federation to members and nonmembers. The list effective April 1, 1924, is as follows:

[Please destroy previous issues]

MILLERS' NATIONAL FEDERATION

Flour Package Differentials

(1924-No. 2.) Superseding schedule of January 2, 1924

BASIS 98-POUND COTTON

[Effective April 1, 1924]

| Weight (pounds) | Kind | | Charge over bulk price for packing in buyer's sacks |
|-----------------|--------|----------------------------------|-----------------------------------------------------|
| | | | Cents |
| 196 | Wood | \$0.55 over basis | |
| 98 | do | \$1.30 over basis | |
| 140 | Jute | \$0.10 under basis | |
| 98 | do | Same as basis (2 to barrel) | |
| 98 | Cotton | Basis (2 to barrel) | |
| 96 | do | \$0.10 under basis (2 to barrel) | |
| 49 | do | \$0.20 over basis (4 to barrel) | |
| 48 | do | \$0.10 over basis (4 to barrel) | 10 |
| 24½ | do | \$0.40 over basis (8 to barrel) | 10 |
| 12¼ | do | \$0.30 over basis (8 to barrel) | 10 |
| 12 | do | \$0.50 over basis (16 to barrel) | 15 |
| 10 | do | \$0.50 over basis (16 to barrel) | 15 |
| 9.8 | do | \$1 over basis (20 to barrel) | 20 |
| 8 | do | \$0.90 over basis (20 to barrel) | 20 |
| 7 | do | \$0.90 over basis (24 to barrel) | 25 |
| 6 | do | \$1.20 over basis (28 to barrel) | 30 |
| 5 | do | \$1 over basis (32 to barrel) | 30 |
| 4.9 | do | \$1.50 over basis (40 to barrel) | 40 |
| 4 | do | \$1.50 over basis (48 to barrel) | 40 |
| 3½ | do | \$2 over basis (56 to barrel) | 45 |
| 3 | do | \$1.90 over basis (64 to barrel) | 50 |
| 2 | do | \$2.50 over basis (96 to barrel) | 55 |
| 49 | Paper | Same as basis (4 to barrel) | 70 |
| 48 | do | \$0.10 under basis (4 to barrel) | 10 |
| 24½ | do | \$0.10 over basis (8 to barrel) | 10 |
| 24 | do | Same as basis (8 to barrel) | 15 |
| 12¼ | do | \$0.30 over basis (16 to barrel) | 15 |
| 12 | do | \$0.20 over basis (16 to barrel) | 20 |
| 10 | do | \$0.60 over basis (20 to barrel) | 20 |
| 8 | do | \$0.40 over basis (24 to barrel) | 25 |
| 7 | do | \$0.50 over basis (28 to barrel) | 30 |
| 6 | do | \$0.60 over basis (32 to barrel) | 35 |
| 5 | do | \$1 over basis (40 to barrel) | 50 |
| 4 | do | \$0.90 over basis (48 to barrel) | 50 |
| 3½ | do | \$1.10 over basis (56 to barrel) | 55 |
| 3 | do | \$1.10 over basis (64 to barrel) | 55 |
| 2 | do | \$1.90 over basis (96 to barrel) | 80 |

Outside jute envelopes (1 to barrel), 20 cents per barrel additional.
 Outside jute envelopes (2 to barrel), 30 cents per barrel additional.
 Outside cotton envelopes (2 to barrel), 40 cents per barrel additional.
 Outside paper envelopes (4 to barrel), 40 cents per barrel additional.

All sales to be made basis 98 lb. cotton.

A reduction of 25 cents per barrel from the half cotton basing price shall be made where the flour is packed in buyer's 98-pound bags, and a reduction of 15 cents per barrel from the 140-pound jute price where the flour is packed in buyer's 140-pound jute bags.

Seller or buyer may not have option of shipping flour in cotton or jute sacks where either may have been specified at time of sale, except as may be agreed to by buyer and seller at time of shipment.

A Federation Bulletin accompanying the above list reads as follows:

CHICAGO, ILL., March 25, 1924.

Bulletin No. 320.

Revised package differentials.

There is inclosed herewith a copy of revised package differential schedule, effective April 1, 1924. This supersedes the schedule of January 2, 1924. Please put these into effect.

We have a list of all those who have requested additional copies of the previous schedules, and will send to each of these, in a day or two, the number of copies of the revised schedule that they requested heretofore.

Very truly yours,

(Signed) A. P. HUSBAND,
 Secretary.

[Inclosure.]

The lists effective January 2, 1924, and December 16, 1922, were identical in form with the above list, but there were some differences in the figures over or under basis.

At the meeting of the Millers National Federation held in Chicago on October 12, 1923, C. T. Olson, chairman of the committee on package differentials, submitted the following report:

Your Committee on Package Differentials begs to report no change in the Package Differentials Schedule since December 16, 1922.

The Federation Differentials appear to be well maintained.

Mr. Olson, as chairman of the committee on package differentials, wrote to the Cataract City Milling Co., Niagara Falls, N. Y., on October 15, 1923, in part, as follows:

The package differentials are being maintained nearly 100%, and the committee would like very much to include your company amongst those who are supporting the efforts of the Committee on Package Differentials, especially since it can be done at a little profit.

In a circular letter dated September 10, 1923, J. B. McLemore, secretary of the Southeastern Millers Association, Nashville, Tenn., stated, in part:

At a meeting of leading North Carolina and Virginia millers, held in Greensboro, N. C., on September 4th, there was unanimous agreement upon the following policies:

(4) The sack differentials as published by the Millers National Federation should be followed by all mills.

On December 27, 1923, A. P. Husband, secretary of the Millers National Federation, sent out a revised package differential schedule effective January 2, 1924.

In writing to Henry A. Bellows, of the Northwestern Miller, on January 5, 1924, regarding this schedule, Mr. Husband stated:

I am writing to express appreciation of your editorial in the current number regarding Federation Package Differentials. It would seem as if our Package Differential Schedule is now looked upon as a standard, as proven by the fact that since December 27th, when we mailed the recent Schedule, we have sent out about 18,000 copies to millers, flour jobbers, dealers, etc., throughout the country.

Assuring you of our appreciation of your cooperation in this matter, and with kind personal regards, I remain.

On January 8, 1924, Mr. Bellows replied as follows:

Thank you for your letter of January 5 regarding our editorial on the subject of the Federation package differentials. There can be no question that most of the mills are using this schedule consistently, but it is always worth while to call attention to it in order to jack up those who are still hanging outside.

As already stated (see p. 75), the Federation package differential schedule effective April 1, 1924, was sent out by the secretary of the Federation on March 25, 1924.

Charles T. Olson, chairman of the committee on package differentials, made the following report at the Federation meeting held April 24, 1924:

Agreeable with the recommendations of your Committee on Package Differentials, two corrected Schedules have been issued since the Semi-Annual Meeting in October, 1923—viz.: January 2nd and April 1st, 1924.

These corrections were necessary to afford full protection in the Differential Schedules for the Millers.

Respectfully submitted on behalf of the Committee on Package Differentials.

On June 14, 1924, Edwin M. Colton, of Colton Brothers Co., Bellefontaine, Ohio, and also president of the Ohio Millers State Association, wrote to A. P. Husband, secretary of the Millers' National Federation, regarding package differentials and sectional associations, as follows:

After attending the meeting of the Association secretaries in St. Louis last week, you undoubtedly understand that there is no intention to attempt to discredit the Federation in any way. At least that is the report given me by Mr. Tanner.

I believe that the Secretaries are right in one thing, that is, that the Federation must keep in close touch with them to gain the support of the mills not affiliated with the Federation.

As an instance the package differential sheet is one of the very important steps forward, due to the labors of the Federation. This ground must not be lost, and it would be a catastrophe to have the package differential go into the discard. These sheets should be distributed to every mill in the country, and it can best be done through the secretaries or the mills who do not belong to the Federation. No doubt these things are all contemplated in your plans, but from your former letter I took it that you expected some little opposition from the meeting. Our executive committee warned Tanner that there was to be no effort on his part directed towards discrediting the work of the Federation, nor towards another association.

Our committee is entirely willing to permit the Federation to go forward in their plans, so long as they do not find their work directed entirely towards the northwestern and southwestern millers. I see no reason for fearing any change in the policy of the Federation in this respect, and feel confident that our entire membership is behind your work in every department.

I think, too, that it will be wise to continue your visits to the state association meetings as you have done in the past. I am sure a cordial invitation will be extended to you from our association on these occasions.

The Mr. Tanner referred to was secretary of the Ohio Millers State Association.

In his report made at the October 8, 1924, meeting of the federation, A. P. Husband, secretary, referred to package differentials as follows:

There has been no change in the Package Differential Schedule since our last report, the schedule of April 1, 1924 being still in effect. We have reason to believe the Federation Package Differentials are now recognized as standard by the trade, and are quite generally observed. We are pleased to report a continued increasing demand for copies of the Package Differential Schedule. 18,000 copies having been distributed when the present schedule was made effective.

X Section 8. Code of ethics of millers' national federation.

As a culmination to the activities described in the preceding sections of this chapter, the Millers' National Federation began to

formulate a so-called code of ethics in December, 1924, this code being adopted in April, 1925.¹

On December 16, 1924, A. P. Husband, secretary of the Millers' National Federation, sent the following form letter to about 75 representative millers:

Since September 4th, President Anderson and the writer have met with twenty-seven groups of millers. At each of these meetings, following an address by President Anderson, there was a general discussion of milling conditions in response to requests by Mr. Anderson that millers indicate the most important activities that the Federation could take up looking to a general improvement in milling conditions.

Without exception a higher standard of business ethics and "outlawing" of uncommercial practices in the industry were emphasized as the most important factors in bringing about needed reforms in the industry; it was pointed out many times that indulgence in uncommercial practices was responsible for the lack of confidence in each other that seems to be a characteristic of millers everywhere we visited.

Memoranda were made of each of the practices which millers desired eliminated, and if agreement can be reached by any considerable number of units throughout the country that these practices should be "outlawed," they will be published by the Federation as undesirable, uncommercial or unethical practices, and millers will be urged to eliminate them from the milling business.

The Federation should, and does, stand for the highest type of business ethics, and your Officers are extremely anxious that this list be published at as early a date as possible. Please look over the attached copy and give us your views; if there are other practices that should be "outlawed," please indicate these in your reply. Please confer with other millers in your territory and let your reply reflect their views as well as your own.

This letter and the attached list is being mailed to seventy-five representative millers throughout the United States. It should be distinctly understood that the practices listed herewith, and our proposal regarding them, do not represent a final or arbitrary conclusion on our part; they are submitted as something "to shoot at," and we hope our replies will indicate a crystallization of opinion on the part of those addressed as to all or some of the practices referred to. Please consider them accordingly. *It is understood, of course, that neither this letter nor attached list is to be published at this time.*

The list referred to in the above letter was as follows:

[Not for publication.]

MILLERS' NATIONAL FEDERATION

PROPOSED UNCOMMERCIAL AND UNETHICAL PRACTICES THAT SHOULD BE "OUTLAWED" BY FLOUR MILLERS

1. Sales of flour for shipment beyond 60 days from date of order.
2. Guaranteeing flour prices against decline.
3. Consigning flour under any conditions.
4. Selling flour on open account, or on "acceptance" basis (the latter practice is a subterfuge for selling on open account).
5. Selling flour on the basis of bids rather than naming price at home office and maintaining it.
6. Permitting salesmen or brokers to make sales at former prices, after an advance.
7. Failure to observe strictly the federation package differentials.
8. Failure to collect carrying charges.
9. Offering so-called "premiums" as an inducement to buyers.
10. The practice of offering flour at reduced prices in a specified territory on a given day; this practice is commonly known as "bargain day" sales.

¹ The attempt of the northwestern millers to work out a code of ethics through Mr. George Livingston, of the Livingston Economic Service, Minneapolis, Minn., in December, 1924, has already been described. (See pp. 65 to 68.)

11. Recognition of "gossip" relayed to the mill by salesmen, brokers, etc., as to what other mills are doing, and meeting prices and terms so reported without confirming them from the mill accused.

12. The practice of salesmen or brokers carrying "vest pocket orders," either those to be entered upon notification of advance in price or those representing the buyer's basis of price, to be entered when the market declines will permit.

On December 22, 1924, Sydney Anderson, president of the Millers' National Federation, sent a circular letter to members of the executive committee,¹ reading, in part, as follows:

There are certain practices which are recognized by a considerable majority of the trade as demoralizing market conditions, tending to secure temporary or permanent unfair advantages to individual mills or portions of the trade which tend to deceive the purchaser or to bring the industry generally into bad repute. It should be possible to obtain an agreement among the trade as to what those practices are and their adherence to a policy of restraint in using them. In order to make a beginning on this matter, Mr. Husband and I have worked out a list of practices which have come to our attention and which we believe should be considered in this connection. This list we have submitted to a large number of mills for suggestions and criticism, after which the list will be extended, curtailed, or modified in accordance with the suggestions received and an effort made to secure action by the federation definitely outlawing these practices, and to set up machinery which will so far as possible obviate their use in the trade.

A partial list of the practices which should be considered in this connection is as follows:

The circular letter then quotes the list of practices given above and continues:

When we have secured the reaction of the mills to whom this list of practices has been submitted and their replies have been tabulated and considered, it is altogether likely that we may find it necessary to attempt to concentrate our efforts to obtain the consent and adherence of the trade to a policy eliminating a relatively small number of the practices. In other words, the wise procedure would be to secure the adoption of a policy eliminating these practices one or two at a time.

More than 50 letters in reply to Secretary Husband's letter of December 16, 1924, regarding the list of practices were received by the federation, but Mr. Husband and Mr. Anderson refused to permit an agent of the commission to examine them.

The minutes of a meeting of the executive committee of the Millers' National Federation, held in Chicago on January 21, 1925, read in part as follows:

The committee took up for consideration the report submitted by President Anderson to members of executive committee (and to directors) under date of December 22, 1924, and the questions submitted by Mr. Anderson in his letter of transmittal of same date. The committee discussed at length the list of uncommercial practices submitted to a list of 76 millers, and the digest of replies received on this subject from 53 of those addressed.

The questions discussed, and the conclusions reached on same, follow:

MEMORANDA RELATIVE TO QUESTIONS SUBMITTED IN CONNECTION WITH LETTER OF TRANSMITTAL IN REPORT OF DECEMBER 22

1. What can be done to minimize the continuous tendency to overproduction resulting from excess capacity?

Consideration to be given in connection with this item of educational propaganda looking to the basing of cost on normal operation of mill instead

¹ For complete copy of this letter see Exhibit V, p. 134.

of total capacity or expected output for the purpose of maintaining higher level of asking prices. Consideration also to be given to the general practice of consigning and dumping as affected by overproduction.

2. What action, if any, can the industry take to meet the tendency to concentrate buying power through combinations of bakers, retail grocers, chain stores, etc?

Question should have consideration, but the executive committee is under the opinion that definite activities looking to meeting consolidated buying not feasible at this time. Education propaganda to be undertaken with a view of developing opinion of the trade as to possible means of meeting consolidated buying.

3. Can the industry go on the basis of fixed prices established at the home office of the mill?

Committee seems to be of the opinion that it is desirable to promote the general practice of making firm practices established at the mill, but that this practice is not sufficiently common in the industry as yet to justify attempt to secure adoption of this as a general policy.

4. Can we secure a general agreement that certain practices indulged in by the trade are uncommercial and unethical and tend to destroy equality of competition, and an agreement to a policy of outlawing these practices and methods in the industry?

Executive committee approves.

5. Is it possible and desirable to work out and apply a uniform system or systems of accounting as a basis of exchange of information between mills and milling sections?

Executive committee approved, and instructed officers to proceed with work.

6. Is it possible to agree upon and establish an absolute limit upon the period of forward sales to be observed in the industry?

Committee is of the opinion that limitation upon forward sales is desirable but this can not be effected except in the case of family flour at present. See memorandum on No. 1, Unethical Practices.

7. What can be done to lessen the differentials existing in prices made to or secured by different classes of buyers and to bring these differentials into closer accord with the actual differences in the cost of production and sales involved?

No action. (Mr. Mennel suggested that the same conversion cost be applied on sales of all characters, regardless of expense in securing them.)

8. Can the federation do more than it has been doing to extend our foreign trade in flour and to improve the conditions under which the export flour business is carried on?

Committee is of the opinion that general investigation of foreign trade in flour would not result in development of any facts which are not now available to the industry as a whole, but that an inquiry directed toward the ascertainment and removal of discrimination against American exporters resulting from treaties with foreign nations or from the policies applicable in transportation might produce results of benefit. (Mr. Mennel suggested relief from income tax on export sales would be helpful.)

9. Should the federation employ a chemist to obtain and assemble data necessary in dealing with Federal and State authorities concerned with the establishment of standards for flour and feed and to make rules and regulations under which interstate and intrastate shipments of these commodities are made?

Executive committee authorizes the employment of a chemist or other person to work on propaganda in connection with standards on feeds and the employment of existing agencies for working in connection with the chemistry on flour at the discretion of Mr. Anderson and Mr. Husband.

10. What can be done to meet propaganda unfavorable to white flour and bread?

Committee authorized expenditures of a sum not exceeding \$5,000 in the employment of a person to engage in general propaganda work in connection with white bread, at the discretion of Mr. Anderson and Mr. Husband. (This followed report by Mr. Anderson of his conference with Mr. Ivy Lee on question of publicity.)

MEMORANDA ON UNETHICAL PRACTICES

1. *Sales of flour for shipment beyond 60 days from date of order.*
Sales of flour to jobbers or retailers—that is, family trade—to be for a period not longer than 60 days, with one extension of 30 days. No limitation on sales to bakers.
 2. *Guaranteeing flour prices against decline.*
Agreed to without change.
 3. *Consigning flour, under any conditions.*
Agreed to with the understanding that consignment means shipment to the buyer where title passes without restriction or limitation on the part of the seller as to the price at which flour is to be sold by the buyer.
 4. *Selling flour on open account, or on "acceptance" basis. (The latter practice is a subterfuge for selling on open account.)*
No agreement.
 5. *Selling flour on the basis of bids, rather than naming price at home office and maintaining it.*
To be redrafted on the basis of prohibiting a solicitation of offers below mill limits.
 6. *Permitting salesmen or brokers to make sales at former prices, after an advance.*
Agreed to. Mr. Bell suggests modify to provide prices shall be effective at the close of the day on which notification of advance is made.
 7. *Failure to observe strictly the federation package differentials.*
Agreed to.
 8. *Failure to collect carrying charges.*
Agreed in principle but to be redrafted on the basis of mills using their best efforts to secure carrying charges in all cases.
 9. *Offering so-called "premiums" as an inducement to buyers.*
Agreed to.
 10. *The practice of offering flour at reduced prices in a specified territory on a given day; this practice is commonly known as "bargain-day" sales.*
Agreed to.
 11. *Recognition of "gossip" relayed to the mill by salesmen, brokers, etc., as to what other mills are doing, and meeting prices and terms so reported without confirming them from the mill accused.*
No discussion.
 12. *The practice of salesmen or brokers carrying "vest-pocket orders," either those to be entered upon notification of advance in price, or those representing the buyer's basis of price to be entered when market declines will permit.*
Regarded by the committee as impractical of enforcement and practice undesirable.
- In connection with work of establishing a uniform cost-accounting system, Mr. Anderson stated that he favored appointing a committee of mill managers and mill accountants, invite them to meet for preliminary discussion as to what data it was necessary to secure; to have them then secure such data and at a later meeting adopt a definite plan; in the meantime endeavor to secure a competent man to supervise the task.
- Mr. Bell called attention to necessity of considering a "normal" output as basis for computation, stating that uniform accounting and uniform practice in the industry were necessary to interpretation of competition.
- The committee instructed President Anderson, at his discretion, to arrange for establishing an office in Washington, with necessary clerk, the expense to be approximately \$6,000 per year.
- Mr. Bell offered several suggestions as follows, as representing the sense of the committee:
- That short-time contracts for flour are desirable, and every effort should be made to spread this fact through regional directors.
 - That under certain conditions it was futile to try and get compliance with this on hard-wheat flours (bakery trade).
 - That fairly short time contracts could be secured on family trade.
 - That mills should limit to short-time contracts jobbers who sold to retailers and small bakers, to prevent demoralizing resales.
 - That guaranteeing price against declines was a vicious practice.
 - No definite action taken.

In a bulletin dated January 23, 1925, A. P. Husband, secretary, in describing the executive committee meeting of January 21, stated:

A code of ethics is in process of development. This will be an important subject for discussion and action at the annual meeting in April.

The following "Code of Ethics and Business Practices" was adopted by the Millers' National Federation at the annual meeting, Chicago, Ill., April 16, 1925.

Resolved, That in compliance with the program of the United States Department of Commerce for the elimination of waste in distribution and for adoption of simplified business practices and uniformity of method and forms; to promote equality of competition and facility in interpreting such competition; to eliminate unsound, unbusinesslike and unethical practices; and to promote the highest standard of business ethics and conduct, the Millers' National Federation has adopted and urges the adherence of its members to the following:

CODE OF ETHICS AND BUSINESS PRACTICES

1. We will strive to maintain the highest excellence in quality, merchandising service, and business practice in order that we may have respect for our products and that others may respect them. We will deal honorably with our competitors, our customers, and the public and we will refrain from any action, method, or practice which if indulged in by a competitor we would regard as unethical, unsound, or unbusinesslike.
 2. Sales of flour should be made for delivery within not to exceed 60 days.
 3. Price of flour or other mill products shall not be guaranteed against decline.
 4. Flour and other mill products shall not be consigned. (Consignment means delivery by shipper to customer, agent, or broker for sale at a future time at an undetermined price.)
 5. All carload sales should be made on sight draft or arrival draft terms.
 6. All sales shall be subject to confirmation at the home office or duly authorized branch office of the mill.
 7. Millers' National Federation package differentials shall be strictly observed.
 8. Charges shall be assessed and collected from the buyer in all cases where shipping directions are not received within contract time, at the rate of one-third cent per barrel per day for flour and 1 cent per ton per day for feed.
 9. Millers' National Federation uniform sales contract should be used in all cases.
 10. Millers shall not give rebates, premiums, donations, or subsidies in the merchandising of their products.
 11. There shall be no so-called bargain day sales.
 12. It is recommended that mills issue a fair list price and adhere strictly to it. Revision should be made only when there has been sufficient change in costs of production to justify it.
 13. After prices have been advanced, no sale shall be accepted at previous prices.
 14. It is recommended that sales prices reflect cost plus a profit, based on the cost of replacement of raw material and a cost of operation and sales reflecting the normal average capacity actually operated by the industry, not exceeding 55 per cent.
 15. It is recommended that reports of unethical and uncommercial practices of competitors be accepted with the utmost caution, and that no action be predicated thereon unless and until the authenticity of such reports is confirmed by inquiry from the competitor or competitors involved.
- The interpretation and adherence to this code by millers is within the conscience and good faith of each miller, but the federation urges that the essence and value of the code lies in voluntary and universal adoption of and adherence to its principles at all times and under all circumstances.

The above "Code of Ethics" must be considered in the light of the activities preceding its adoption, as already described in this chapter.

What has been the effect of the adoption of this "Code" has not been learned, because the commission has no direct information as to the profits of milling companies since the year ending in 1924, nor as to competitive conditions since the meeting of the federation in April, 1925, when the code was adopted.¹

However, the evidence of milling company and association officers and employees, as set forth in this chapter, indicates clearly that if the provisions of the code are generally observed, competition must be restricted, and an artificial minimum price established for the sale of flour.

For example, the necessary tendency of paragraph numbered 14 is to arrive at arbitrary and virtually uniform minimum selling prices for the various milling companies. The tendency of paragraphs 2 to 13, inclusive, is to prevent any competition in the terms of sale and delivery. And paragraph 15 forms the keystone by providing the machinery and method for enforcing all of the preceding paragraphs of the code through exchange of information on "reports of unethical and uncommercial practices of competitors," a system already in widespread use since the meeting of the Millers' National Federation of October 12, 1923.

Although the commission has no direct evidence from milling companies or associations as to the results attained through the code of ethics, the effectiveness of the code, about 10 months after its adoption, is indicated by the following editorial appearing in the Modern Miller, a trade journal, in the issue of February 13, 1926:

CODE OF ETHICS WORKING

There is every evidence of the sound good that has developed since the adoption of the "Code of Ethics" by the Millers' National Federation. The selling below cost to hear the wheels hum has almost disappeared as an abuse that was undermining the industry. Flour campaigns to gain customers at temporary cut prices are not heard of. Selling terms and methods are on a much sounder basis and acts of unfair aggression and reprisal are distinctly less.

It is not expected where competition is keen that all bad practices can be eliminated forthwith, but it is the observation of the Modern Miller that a wonderful stride in the direction of ethics and marketing sanity has been accomplished.

This is working in a most salutary way and the good effects are bound to be felt by the industry. With any normal return of export trade, much of the troubles of the industry are behind us. The "Code of Ethics" is working. Do your part!

¹ The obstacles to obtaining further information (see p. VI) have made it impossible to determine the more recent conditions.

APPENDIX

EXHIBIT I

LISTS OF PAPERS OF WHICH COPIES WERE REFUSED BY MILLING COMPANIES AND ASSOCIATIONS

WASHBURN CROSBY CO.

Copies of the papers in the following list were requested in May, 1925, by Mr. F. X. Patterson from the Washburn Crosby Co., Minneapolis, Minn., but this request was refused by Mr. John Crosby, president of the company, who stated that he would communicate directly with the Commission in about 10 days. No such communication was received by this office.

1. Dec. 17, 1923.—Letter from F. J. Lingham, Federal Mill & Elevator Co., to F. E. Henry, manager, Washburn Crosby Co., Buffalo, N. Y., regarding charge that Federal Mill & Elevator Co. was cutting prices.
2. Dec. 18, 1923.—Letter from J. F. Bell, Washburn Crosby Co., Minneapolis, Minn., in answer to Walter Stern, Bernhard Stern & Sons, Inc., Milwaukee, Wis., letter Dec. 12, 1923, in regard to new idea for millers' service bureau which could deal with factors that go to make price and not with prices themselves.
3. Dec. 18, 1923.—Letter from James F. Bell, Washburn Crosby Co., to Millers' National Federation regarding desire of Washburn Crosby Co. to adhere to proper ethics in sales.
4. Jan. 3, 1924.—Letter from James F. Bell, Washburn Crosby Co. to Millers' National Federation regarding Mr. Bell attending meeting of Millers' National Federation to be held January 15, 1924.
5. Jan. 13, 1925.—Letter from Washburn Crosby Co. to Millers' National Federation.
6. Jan. 15, 1925.—Letter from Millers' National Federation to Washburn Crosby Co.
7. Jan. 16, 1925.—Letter from Washburn Crosby Co. to Millers' National Federation.
8. Jan. 28, 1924.—Letter from J. H. Mulliken, Washburn Crosby Co. to King Midas Milling Co. (R. W. Goodell) concerning Cost Conference in Minneapolis, where it was agreed should charge 80 cents per barrel for milling rye, and enclosing a letter from a Mr. Moody.
9. Mar. 4, 1924.—Letter to Chas. E. Roos, (Hunter Milling Co.) from J. F. Bell (Washburn Crosby Co.) re. employment of Sydney Anderson.
10. July 10, 1924.—Letter from Guy A. Thomas, Washburn Crosby Co., to E. S. Wagner, Millers' National Federation, in regard to authorizing executive committee to act for Board of Directors.
11. Sept. 6, 1924.—Letter from A. P. Husband, secretary Millers' National Federation, to James F. Bell, answering letter of September 5 regarding notes made by secretary of a Thursday meeting of the millers.
12. Sept. 30, 1924.—Letter from J. H. Mulliken, Washburn Crosby Co., to Millers' National Federation regarding price cutting by Duluth Imperial Mills.
13. Oct. 23, 1924.—Letter from James F. Bell, Washburn Crosby Co., to Sydney Anderson, Millers' National Federation, concerning correspondence between Mr. Bell and Mr. Garvin (Bay State Milling Co.).
14. Oct. 29, 1924.—Letter from James F. Bell, Washburn Crosby Co., to Sydney Anderson.
15. Nov. 5, 1924.—Letter from James F. Bell, Washburn Crosby Co., to Millers' National Federation, regarding carrying charges.
16. Nov. 6, 1924.—Letter from E. S. Wagner, Millers' National Federation, to James F. Bell, regarding carrying charges.

17. Nov. 21, 1924.—Letter from Russell-Miller Milling Co. (H. S. Heim) to James F. Bell, Washburn Crosby Co., regarding price war in Buffalo, N. Y.
18. Dec. 5, 1924.—Letter from Sydney Anderson, president Millers' National Federation, to James F. Bell (Washburn Crosby Co.) regarding conferences that had been suggested by Mr. Sterling (Editor, Northwestern Miller).
19. Dec. 5, 1924.—Letter from president Millers' National Federation to James F. Bell, 200 Chamber of Commerce Bldg., Minneapolis, Minn., regarding threatened competition of Washburn Crosby Co. and Pillsbury on Pacific coast.
20. Dec. 22, 1924.—Letter from Sydney Anderson to James F. Bell regarding Anderson's report to Executive Committee, dated December 22, 1924.

PILLSBURY FLOUR MILLS CO.

Copies of the papers in the following list were requested in May, 1925 by Mr. F. X. Patterson from the Pillsbury Flour Mills Co., Minneapolis, Minn., but this request was refused by Mr. Clark Hempstead, secretary of the company, in a letter to the Commission dated June 20, 1925.

1. Dec. 14, 1923.—Letter from John S. Pillsbury, Pillsbury Flour Mills Co., to C. T. Olson, in re. package differentials.
2. Jan. 2, 1924.—Letter from A. C. Loring, Pillsbury, to Millers' National Federation, suggesting success depended on getting Mr. Walker (Standard Milling Co.), Mr. Helm (Russell-Miller Milling Co.) and Mr. Bell (Washburn Crosby Co.) to attend the meeting to be held on January 15, 1924.
3. Jan. 19, 1924.—Letter from C. T. Olson to H. H. Whiting, Pillsbury, (establishing uniform package differentials.)
4. Jan. 21, 1924.—Letter from H. H. Whiting, Pillsbury, to C. T. Olson, (establishing uniform package differentials.)
5. Jan. 21, 1924.—Letter from Pillsbury Co. to George A. Zabriskie, New York, (establishing uniform package differentials.)
6. Jan. 28, 1924.—Letter from A. P. Walker, president Standard Milling Co., to H. H. Whiting, Pillsbury Co., regarding establishing uniform package differentials.
7. Jan. 30, 1924.—Letter from H. H. Whiting, Pillsbury, to C. T. Olson, regarding establishing uniform package differentials.
8. Jan. 31, 1924.—Letter from C. T. Olson to Pillsbury Co., (in re establishing uniform package differentials.)
9. Mar. 12, 1924.—Letter from Dwight K. Yerxa, Pillsbury Co., Buffalo, N. Y. branch, to A. P. Husband, secretary Millers' National Federation, regarding charge that Pillsbury had cut prices on a New York State bid.
10. Apr. 26, 1924.—Letter from A. C. Loring, Pillsbury, to Millers' National Federation regarding need of services of some man in Washington big enough to get a hearing and deal with various Government Departments.
11. Apr. 28, 1924.—Letter from A. C. Loring, Pillsbury Co., to Millers' National Federation, regarding proposed new reorganization of Millers' National Federation.
12. Apr. 29, 1924.—Letter from secretary Millers' National Federation to A. C. Loring, Pillsbury, regarding Mr. Rogers (Attorney for Federation) passing on Federation Bulletin No. 325.
13. July 16, 1924.—Letter from A. C. Loring, president Pillsbury Company, to E. S. Wagner, Millers' National Federation, in regard to authorizing executive committee to act for the Board of Directors.
14. Aug. 30, 1924.—Letter from C. T. Olson to Pillsbury Flour Mills Co. in re establishing uniform package differentials.
15. Sept. 4, 1924.—Letter from C. T. Olson to John S. Pillsbury regarding establishment of uniform package differentials.
16. Oct. 10, 1924.—Letter from president, Millers' National Federation to A. C. Loring, Pillsbury Co., regarding competitive practices of Pillsbury.
17. Nov. 22, 1924.—Letter from C. T. Olson to H. H. Whiting, Pillsbury, regarding establishing uniform package differentials.
18. Dec. 5, 1924.—Letter from president Millers' National Federation (Sydney Anderson) to A. C. Loring, Pillsbury Flour Mills Co., regarding threatened competition between Washburn Crosby Co. and Pillsbury Co. on Pacific coast.

RUSSELL-MILLER MILLING CO.

Copies of the papers in the following list were requested in May, 1925, by Mr. F. X. Patterson from the Russell-Miller Milling Co., but this request was refused by Mr. H. S. Helm, president of the company.

1. Jan. 4, 1924.—Letter from secretary Millers' National Federation to H. S. Helm, Russell-Miller Milling Co., regarding meeting of January 15, 1924.
2. Jan. 9, 1924.—Letter from H. S. Helm, Russell-Miller Milling Co., to Millers' National Federation regarding meeting to be held January 15, 1924.
3. Jan. 10, 1924.—Letter from secretary Millers' National Federation to H. S. Helm, Russell-Miller Milling Co., regarding meeting of January 15, 1924.
4. Jan. 22, 1924.—Letter from E. S. Wagner, Millers' National Federation, to Russell-Miller Milling Co. regarding establishing uniform package differentials.
5. Jan. 23, 1924.—Letter from Russell-Miller Milling Co. to Millers' National Federation re. establishing uniform package differentials.
6. June 25, 1924.—Letter from H. S. Helm, Russell-Miller Milling Co., to A. P. Husband regarding authorizing executive committee to act for Board of Directors.
7. Aug. 26, 1924.—Letter from secretary Millers' National Federation to H. S. Helm, member executive committee, regarding group meeting in Kansas City on September 3 and 4, 1924.
8. Nov. 19, 1923.—Letter from Russell-Miller Milling Co. to Millers' National Federation regarding package differentials.
9. Nov. 20, 1923.—Letter from secretary Millers' National Federation to Russell-Miller Milling Co., regarding package differentials.
10. Nov. 21, 1924.—Letter from H. S. Helm, Russell-Miller Milling Co., to James F. Bell, Washburn Crosby Co., regarding price war in Buffalo, N. Y.

KANSAS FLOUR MILLS CO.

Copies of the papers in the following list were requested in June, 1925, by Mr. F. X. Patterson from the Kansas Flour Mills Company, Kansas City, Mo., but this request was refused by Mr. T. L. Hoffman, president of the company.

1. Jan. 1, 1924.—Letter from Alva Roller Mills to Wichita Flour Mills Co., Wichita, Kans. (Regarding giving time instead of payment on arrival draft.)
2. Feb. 4, 1924.—Letter from W. R. Duerr, Kansas Flour Mills Co. to H. J. Owens, Kansas Flour Mills Co. regarding low prices by Red Star Milling Co.
3. Feb. 12, 1924.—Letter from J. C. Lysle Milling Co., Leavenworth, Kans. to Kansas Flour Mills Co., regarding low prices.
4. Feb. 13, 1924.—Letter from Kansas Flour Mills Co., to J. C. Lysle Milling Co., Leavenworth, Kans. regarding low prices.
5. Feb. 13, 1924.—Letter from Kansas Flour Mills Co. to F. O. Jones (of Moses Bros. branch) regarding low prices.
6. Feb. 14, 1924.—Letter from J. C. Lysle Milling Co., Leavenworth, Kans., to Kansas Flour Mills Co., regarding low prices.
7. Feb. 14, 1924.—Letter from F. O. Jones (Moses Bros. branch) to Kansas Flour Mills Co., regarding low prices.
8. Feb. 15, 1924.—Letter from Kansas Flour Mills Co., to J. C. Lysle Milling Co., Leavenworth, Kans., regarding low prices.
9. Feb. 16, 1924.—Letter from J. C. Lysle Milling Co., Leavenworth, Kans., to Kansas Flour Mills Co., regarding low prices.
10. Feb. 18, 1924.—Letter from Kansas Flour Mills Co. to J. C. Lysle Milling Co., Leavenworth, Kans., regarding low prices.
11. Feb. 20, 1924.—Letter from J. C. Lysle, Leavenworth, Kans., to Kansas Flour Mills Co., regarding low prices.
12. Apr. 21, 1924.—Letter from C. B. Warkintin (Newton Milling & Elevator Co., Newton, Kans.) to T. L. Hoffman, Kansas Flour Mills Co., regarding long terms on old contracts.
13. May 6, 1924.—Letter from G. G. Sohlberg (Oklahoma Mills Co., Kingfisher, Okla.) to T. L. Hoffman, Kansas Flour Mills Co., regarding long-time contracts.
14. May 20, 1924.—Letter from Cahokia Flour Co., St. Louis, Mo., to Kansas Flour Mills Co. regarding 20 cents differential charge.
15. May 21, 1924.—Letter from Kansas Flour Mills Co. to the Cahokia Flour Co., St. Louis, Mo., regarding 20 cents differential charge.

16. June 6, 1924.—Letter from J. L. Ford, president, Oklahoma Millers' Association, to Frank Foltz, secretary, Oklahoma Millers' Association, regarding long-time contracts.
17. June 9, 1924.—Letter from Frank Foltz, secretary Oklahoma Millers' Association, to J. L. Ford, president Oklahoma Millers' Association, regarding long-time contracts.
18. June 10, 1924.—Letter from Gwin (General Office Kansas Flour Mills Co.) to Frank Foltz, Oklahoma Millers' Association, regarding long-time contracts.
19. June 12, 1924.—Letter from J. L. Ford, president of the Oklahoma Millers' Association, to F. D. Stevens, secretary of the Kansas Millers' Club, regarding Kansas members attending Oklahoma meeting.
20. June 14, 1924.—Letter from Rhea-Patterson Milling Co., Coffeyville, Kans. to Goodlander Mills (Branch Kansas Flour Mills Co.) regarding long-time contract.
21. June 17, 1924.—Letter from Goodlander Mills (Branch Kansas Flour Mills Co.) to Rhea-Patterson Milling Co., Coffeyville, Kans., regarding long-time contract.
22. July 8, 1924.—From C. B. Warkintin, president of Midland Flour Milling Co., Kansas City, Mo., to T. L. Hoffman (Kansas Flour Mills Co.) regarding wheat purchase price.
23. July 21, 1924.—Letter from H. V. Nye, Kansas Flour Mills Co., to J. C. Lysie, Leavenworth, Kans., regarding low prices.
24. Aug. 1, 1924.—From W. R. Duerr (Kansas Flour Mills Co.) to the Alva Branch (Kansas Flour Mills Co.) regarding carrying charges.
25. Aug. 12, 1924.—From Federal Mill & Elevator Co., Lockport, N. Y. to Kansas Flour Mills Co., Kansas City, Mo., regarding price of \$6.65 which was reported Kansas Flour Mills Co. had made in Pennsylvania.
26. Aug. 19, 1924.—From Kansas Flour Mills Co. to Federal Mill & Elevator Co. regarding exchange of prices.
27. Aug. 23, 1924.—From Federal Mill & Elevator Co., to Kansas Flour Mills Co., regarding exchange of prices.
28. Aug. 26, 1924.—From Federal Mill & Elevator Co. to Kansas Flour Mills Co., regarding exchange of prices.
29. Aug. 26, 1924.—From Kansas Flour Mills Co. to Federal Mill & Elevator Co. regarding exchange of prices.
30. Aug. 28, 1924.—From Federal Mill & Elevator Co. to Kansas Flour Mills Co., regarding exchange of prices.
31. Aug. 29, 1924.—From Kansas Flour Mills Co. to Federal Mill & Elevator Co., Lockport, N. Y., regarding exchange of prices.
32. Sept. 2, 1924.—From Federal Mill & Elevator Co. to Kansas Flour Mills Co. regarding exchange of prices.
33. Sept. 4, 1924.—From Kansas Flour Mills Co. to Federal Mill & Elevator Co. regarding exchange of prices.
34. Sept. 6, 1924.—From Federal Mill & Elevator Co. to Kansas Flour Mills Co. regarding exchange of prices.
35. Sept. 10, 1924.—Letter from Federal Mill & Elevator Co., Lockport, N. Y., to Kansas Flour Mills Co., regarding exchange of prices in their vicinity.
36. Sept. 12, 1924.—Letter from Federal Mill & Elevator Co., Lockport, N. Y., to Kansas Flour Mills Co., regarding exchange of prices in their vicinity.
37. Oct. 22, 1924.—Letter from H. V. Nye, Kansas Flour Mills Co., to Charles Todd, c/o H. D. Lee Flour Mills Co., Salina, regarding prices.
38. Oct. 24, 1924.—Letter from Chauncy Abbott, jr., Omaha Flour Mills, Omaha, Nebr., to Kansas Flour Mills Co. (low prices to Philadelphia Jobbers)
39. Oct. 30, 1924.—From Enid Milling Co., Enid, Okla., to T. L. Hoffman
40. Nov. 3, 1924.—Letter from G. G. Sohlberg, Oklahoma Mills Co., Kingfisher, Okla., to R. W. Hoffman, Kansas Flour Mills Co., regarding wheat purchase prices.
41. Nov. 3, 1924.—Letter from Hawle (Acme Mills) to G. G. Sohlberg, Oklahoma Mills Co., Kingfisher, Okla., regarding long-time contracts.
42. Nov. 7, 1924.—Letter from Lindsborg Milling & Elevator Co., Lindsborg, Kans., to H. V. Nye, Kansas Flour Mills Co., regarding low prices.
43. Nov. 7, 1924.—Letter from T. L. Hoffman, Kansas Flour Mills Co., to G. G. Sohlberg, Oklahoma Mills Co., regarding long-time contract.
44. Nov. 11, 1924.—From T. L. Hoffman (Kansas Flour Mills Co.), to Enid Milling Co., Enid, Okla., regarding wheat purchase prices.

45. Nov. 12, 1924.—Letter from W. R. Duerr, sales manager, Kansas Flour Mills Co., to Kansas Milling Co., Wichita, Kans. (No carrying charge assessed in Oklahoma.)
46. Nov. 13, 1924.—Letter from J. E. Novak, assistant sales manager, Kansas Milling Co., Wichita, Kans., to W. R. Duerr ($\frac{1}{2}$ of 1 cent per day carrying charges in Oklahoma.)
47. Nov. 25, 1924.—Letter from Kansas Flour Mills Co. to Chauncy Abbott, jr., Omaha Flour Mills Co., Omaha, Nebr. (Regarding low prices to Philadelphia jobbers.)
48. Nov. 26, 1924.—Letter from W. R. Duerr, Kansas Flour Mills Co., to Topeka Flour Mills, Topeka, Kans. (Regarding low prices.)
49. Nov. 28, 1924.—Letter from Topeka Flour Mills Co., to W. R. Duerr, Kansas Flour Mills Co. (Regarding low prices.)
50. Nov. 29, 1924.—Letter from H. V. Nye, Kansas Flour Mills Co., to Lindsborg Milling & Elevator Co., Lindsborg, Kans. (Regarding low prices.)
51. Dec. 9, 1924.—Letter from Security Flour Mills Co., Abilene, Kans., to Kansas Flour Mills Co. (Regarding low prices.)
52. Dec. 9 1924.—Letter from Topeka Flour Mills Co. to H. V. Nye, Kansas Flour Mills Co. (Regarding low prices.)
53. Dec. 12, 1924.—Letter from Blair Milling Co., Atchison, Kans., to H. V. Nye, Kansas Flour Mills Co. (Regarding 20 cents under Kansas Flour Mills Co. price.)
54. Dec. 13, 1924.—Letter from Kansas Flour Mills Co., to Security Flour Mills Co., Abilene, Kans. (Regarding low prices.)
55. Dec. 16, 1924.—Circular letter from Millers' National Federation to Kansas Flour Mills Co., in re "Uncommercial and Unethical Business Practices."
56. Dec. 27, 1924.—Letter from H. V. Nye, Kansas Flour Mills Co. to Blair Milling Co., Atchison, Kans. (Regarding low quotation by salesman.)
57. Dec. 30, 1924.—Letter to Millers' National Federation from Kansas Flour Mills Co.
58. Jan. 9, 1925.—Letter from R. W. Magill, sales manager, Kansas Milling Co., Wichita, Kans., to T. L. Hoffman, president, Kansas Flour Mills Co. (Regarding price of flour.)
59. Jan. 12, 1925.—Letter from W. R. Duerr, to Kansas Milling Co., Wichita, Kans. (Regarding price of flour.)
60. Jan. 13, 1925.—Letters from R. W. Magill, Kansas Milling Co., Wichita, Kans., to W. R. Duerr, sales Manager, Kansas Flour Mills Co. (Regarding price of flour.)
61. Jan. 14, 1925.—Letter from W. R. Duerr, sales manager, Kansas Flour Mills Co., to Kansas Milling Co., Wichita. (Regarding price of flour.)
62. Jan. 14, 1925.—Letter from Buhler Milling & Elevator Co., Buhler, Kans., to Kansas Flour Mills Co. (Regarding low prices in St. Louis.)
63. Jan. 15, 1925.—Letter from Kansas Flour Mills Co., to Buhler Milling & Elevator Co., Buhler, Kans. (Re low prices, St. Louis.)
64. Jan. 26, 1925.—Letter from Oklahoma Flour Mills, Enid, Okla., to Kansas Flour Mills Co. (Regarding St. Louis prices.)
65. Jan. 29, 1925.—Letter from Kansas Flour Mills Co. to Oklahoma Flour Mills, Enid, Okla. (Regarding low price sales and quotations.)
66. Feb. 3, 1925.—Letter from W. R. Duerr, sales manager, Kansas Flour Mills Co., to R. W. Magill, sales manager, Kansas Milling Co., Wichita, Kans. (Asking about terms at Lake Charles, La.)
67. Feb. 4, 1925.—Letter from R. W. Magill, sales manager, Kansas Milling Co., Wichita, Kans., to W. R. Duerr, Kansas Flour Mills Co. (Terms of sale to certain person.)
68. Apr., 1924.—Letter from T. L. Hoffman, Kansas Flour Mills, to C. B. Warkintin, Newton Milling & Elevator Co., Newton, Kans. (Regarding long terms on old contracts.)
69. Sept., 1924.—Letter from Kansas Flour Mills Co. to Federal Mill & Elevator Co., Lockport, N. Y. (Agreeing to the exchange of prices.)

KANSAS MILLING CO.

Copies of the papers in the following list were requested in June, 1925, by Mr. F. X. Patterson from the Kansas Milling Co., Wichita, Kans., but this request was refused by Mr. R. W. Magill, secretary of the company.

1. July 6, 1923.—Letter from R. W. Magill, sales manager Kansas Milling Co., to A. S. Cain, sales manager Wm. Kelly Milling Co. (Quoting 50 cents under.)
2. July 9, 1923.—Letter from A. S. Cain, sales manager Wm. Kelly Milling Co., to R. W. Magill, sales manager Kansas Milling Co. (Quoting 50 cents under.)
3. July 28, 1923.—Letter from J. W. Cain, sales manager Midland Flour Milling Co., to R. W. Magill, sales manager Kansas Milling Co. (Wanting to buy some flour.)
4. July 30, 1923.—Letter from R. W. Magill, sales manager Kansas Milling Co., to J. W. Cain, sales manager Midland Flour Milling Co. (Am sending samples.)
5. Oct. 30, 1923.—Letter from H. G. Randall, general manager Midland Flour Milling Co., to R. W. Magill, sales manager Kansas Milling Co. (Complaining about prices.)
6. Oct. 31, 1923.—Letter from R. W. Magill, sales manager Kansas Milling Co., to H. G. Randall, general manager Midland Flour Milling Co. (Explanation of prices.)
7. Nov. 1, 1923.—Letter from H. G. Randall, general manager Midland Flour Milling Co., to R. W. Magill, sales manager Kansas Milling Co. (Only 5 cents difference.)
8. Nov. 2, 1923.—Letter from R. W. Magill, sales manager Kansas Milling Co., to H. G. Randall, general manager Midland Flour Milling Co. (Feel free to call on us.)
9. Feb. 6, 1924.—Letter from G. E. Morris (Newton Mill & Elevator Co., Newton, Kans.) to Kansas Milling Co. (6.40 price at Paola, Kans.)
10. Feb. 7, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to G. E. Morris, Newton Mill & Elevator Co., Newton, Kans. (You are mistaken about our price.)
11. Feb. 11, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to Larabee Flour Mills Corporation. (Prices at Bluefield, W. Va.)
12. Mar. 3, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to John E. Adams & Co., Port Arthur, Tex. (Does not include discount.)
13. Mar. 6, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to J. L. Walker, sales manager Larabee Flour Mills Corp. (6.50 quotation.)
14. Mar. 7, 1924.—Letter from J. L. Walker, sales manager Larabee Flour Mills Corp., to R. W. Magill, sales manager Kansas Milling Co. (Wrong—our price 6.80.)
15. Mar. 10, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to J. L. Walker, sales manager Larabee Flour Mills Corp. (Sorry I did not call you, will, in the future.)
16. Apr. 14, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to J. L. Walker, sales manager Larabee Flour Mills Corp. (6.30 quotation.)
17. Apr. 30, 1924.—Letter from J. W. Cain, sales manager Midland Flour Milling Co., to R. W. Magill, sales manager Kansas Milling Co. (Exchange of prices.)
18. May 1, 1924.—Letter from J. E. Novak, assistant sales manager Kansas Milling Co., to J. W. Cain, sales manager Midland Flour Milling Co. (Exchange of quotations.)
19. May 6, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to H. G. Randall, general manager Midland Flour Milling Co. (Inviting Kansas City group down to help organize.)
20. May 7, 1924.—Letter from H. G. Randall, general manager Midland Flour Milling Co., to R. W. Magill, sales manager Kansas Milling Co. (Discussing group benefits.)
21. May 8, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to H. G. Randall, general manager Midland Flour Milling Co. (Discussing group benefits.)
22. May 10, 1924.—Letter from R. W. Magill to E. L. Byers, salesman Kansas Milling Co. (Willing to meet low prices.)
23. May 14, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to H. G. Randall, general manager Midland Flour Milling Co. (Inviting delegation to come and organize group.)
24. May 14, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to J. W. Cain, sales manager Midland Flour Milling Co. (Complaining of consignment made Hodges and McIntosh.)

25. May 16, 1924.—Letter from H. G. Randall, general manager Midland Flour Milling Co., to R. W. Magill, sales manager Kansas Milling Co. (Will bring good representation—they are bringing good results.)
26. May 17, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to H. G. Randall, general manager Midland Flour Milling Co. (Good results of groups in the Southwest.)
27. May 17, 1924.—Letter from J. W. Cain, sales manager Midland Flour Milling Co. to R. W. Magill, sales manager Kansas Milling Co. (Terms of sales.)
28. May 19, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to J. W. Cain, sales manager Midland Flour Milling Co. (Terms of sale.)
29. May 19, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to H. G. Randall, general manager Midland Flour Milling Co. (Terms in Chattanooga.)
30. May 24, 1924.—Letter from J. W. Cain, sales manager Midland Flour Milling Co., to R. W. Magill, sales manager Kansas Milling Co. (Complaining of sale made in South Bend.)
31. May 26, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to J. W. Cain, sales manager Midland Flour Milling Co. (Low sale.)
32. May 29, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to H. G. Randall, general manager Midland Flour Milling Co. (The 1-2-3-4-5-6 plan is a great improvement over the A-B-C plan.)
33. July 7, 1924.—Letter from J. E. Novak, export sales manager Kansas Milling Co., to Robinson Milling Co., Salina, Kans. (Low prices.)
34. July 9, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to Robinson Milling Co., Salina, Kans. (What is protein content.)
35. July 10, 1924.—Letter from J. S. H. (Robinson Milling Co.) to R. W. Magill, sales manager Kansas Milling Co. (Explaining prices.)
36. July 11, 1924.—Letter from Brown Bros., wholesalers, San Antonio, Tex., to Kansas Milling Co. (Asking for a guarantee against decline in prices.)
37. July 15, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to Brown Bros., wholesalers, San Antonio, Tex. (Will not guarantee against decline.)
38. July 16, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to Fred Burns Consolidated Flour Mills, Hutchinson, Kans. (Explaining low prices made by Kansas Co.)
39. July 21, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to Ralph Sowden, New Era Mill Co., Arkansas City, Kans. (Is card quotation being sent to brokers.)
40. July 25, 1924.—Letter from R. W. Magill, sales manager, to R. A. Bowdish, salesman, Kansas Milling Co. (Stamp carrying charges on your contract.)
41. July 28, 1924.—Letter from Bewley Mills, Fort Worth, Tex., to Kansas Milling Co. (Long terms in Haiti.)
42. July 28 and 29, 1924.—Letter from J. E. Novak to Bewley Mills, Fort Worth, Tex. (Concerning terms of payment in Haiti.)
43. July 28, 1924.—Letter from Bernhard Stern & Son, Inc., Milwaukee, Wis., to Kansas Milling Co. (Complaining of low prices in Pittsburgh.)
44. July 28-30, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to B. Stern & Sons, Inc., Milwaukee, Wis. (Did not make such prices.)
45. July 29, 1924.—Letter from J. L. Walker, sales manager Larabee Flour Mills Corp., Kansas City, Mo., to R. W. Magill, sales manager Kansas Milling Co. (Price of flour.)
46. July 31, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to J. L. Walker, sales manager Larabee Flour Mills Corp. (Low sales.)
47. Aug. 2, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to J. L. Walker, sales manager Larabee Flour Mills Corp. (Low prices in Oklahoma.)
48. Aug. 4, 1924.—Letter from J. L. Walker, sales manager Larabee Flour Mills Corp., to R. W. Magill, sales manager Kansas Milling Co. (Will stiffen up prices.)
49. Aug. 8, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to J. L. Walker, sales manager Larabee Flour Mills Corp. (Complaining about prices.)

50. Aug. 11, 1924.—Letter from J. L. Walker, sales manager Larabee Flour Mills Corp., to R. W. Magill, sales manager Kansas Milling Co. (Error in price and date.)
51. Aug. 19, 1924.—Letter from J. W. Cain, sales manager Midland Flour Milling Co., to R. W. Magill, sales manager Kansas Milling Co. (Price of flour.)
52. Aug. 20, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to J. W. Cain, sales manager Midland Flour Milling Co. (Sale at \$7.50.)
53. Sept. 17, 1924.—Letter from T. R. B., export sales manager Aunt Jemima Milling Co., to Kansas Milling Co. (Low prices.)
54. Sept. 17, 1924.—Letter from J. E. Novak, export sales manager Kansas Milling Co., to Aunt Jemima Milling Co. (Will exchange information.)
55. Oct. 14, 1924.—Letter from J. W. Cain, sales manager Midland Flour Milling Co., to R. W. Magill, sales manager Kansas Milling Co. (10% free flour.)
56. Oct. 15, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to J. W. Cain, sales manager Midland Flour Milling Co. (Explaining system.)
57. Oct. 16, 1924.—Letter from J. W. Cain, sales manager Midland Flour Milling Co., to R. W. Magill, sales manager Kansas Milling Co. (Coupons should be discontinued.)
58. Oct. 20, 1924.—Letter from R. W. Magill, sales manager Kansas Milling Co., to J. W. Cain, sales manager Midland Flour Milling Co. (Agrees coupons should be discontinued.)
59. Nov. 12, 1924.—Letter from W. R. Duerr, sales manager Kansas Flour Mills Co., to Kansas Milling Co. (No carrying charge assessed in Oklahoma.)
60. Nov. 13, 1924.—Letter from J. E. Novak, assistant sales manager Kansas Milling Co., to W. R. Duerr. (One-third of 1c. per day carrying charge in Oklahoma.)
61. Nov. 24, 1924.—Letter from J. E. Novak to Oklahoma City Mill & Elevator Co. (Complaining of low prices at Norfolk, Va.)
62. Nov. 26, 1924.—Letter from A. S. Cain, sales manager Wm. Kelly Milling Co., to J. E. Novak, export sales manager Kansas Milling Co. (Price made in error.)
63. Nov. 28, 1924.—Letter from J. E. Novak, export sales manager Kansas Milling Co., to A. S. Cain, sales manager Wm. Kelly Milling Co. (Look like real slaughter.)
64. Dec. 31, 1924.—Letter to Millers National Federation from the Kansas Milling Co., Wichita, Kans.
65. Jan. 9, 1925.—Letter from R. W. Magill, sales manager Kansas Milling Co., to T. L. Hoffman, president Kansas Flour Mills Co. (Price of flour.)
66. Jan. 12, 1925.—Letter from W. R. Duerr to Kansas Milling Co. (Price of flour.)
67. Jan. 13, 1925.—Letter from R. W. Magill, Kansas Milling Co., to W. R. Duerr, sales manager Kansas Flour Mills Co. (Price of flour.)
68. Jan. 14, 1925.—Letter from W. R. Duerr, sales manager Kansas Flour Mills Co., to Kansas Milling Co. (Price of flour.)
69. Jan. 20, 1925.—Letter from Kansas Milling Co. to Millers' National Federation.
70. Jan. 22, 1925.—Letter from secretary Millers' National Federation to Kansas Milling Co.
71. Feb. 3, 1925.—Letter from W. R. Duerr, sales manager Kansas Flour Mills Co., to R. W. Magill, sales manager Kansas Milling Co. (Asking about terms at Lake Charles, La.)
72. Feb. 4, 1925.—Letter from R. W. Magill, sales manager Kansas Milling Co., to W. R. Duerr, Kansas Flour Mills Co. (Terms of sale to certain person.)

FEDERAL MILL & ELEVATOR CO., INC.

Copies of the papers in the following list were requested in June, 1925 by Mr. F. X. Patterson from the Federal Mill & Elevator Co., Inc., Lockport, N. Y., but this request was refused by Mr. Fred J. Lingham, president of the company, in a letter to the Commission dated July 6, 1925.

1. Oct. 3, 1923.—Letter from Fred J. Lingham, Federal Mill & Elevator Co., to A. P. Husband, secretary Millers' National Federation, regarding curtailment of output.

2. Oct. 3, 1923.—Letter to A. P. Husband, secretary of the Millers' National Federation, from Fred J. Lingham (Federal Mill & Elevator Co.) regarding the meeting of the Federation held on October 12, 1923.
3. Oct. 3, 1923.—Letter to C. L. Roos (Hunter Milling Co., Wellington, Kans.) from Fred J. Lingham (Federal Mill & Elevator Co.) regarding curtailment of output.
4. Oct. 4, 1923.—Letter to Fred J. Lingham (Federal Mill & Elevator Co.) from the secretary of the Millers' National Federation regarding the meeting of the Federation to be held October 12, 1923.
5. Oct. 5, 1923.—Letter to A. P. Husband, secretary of the Millers' National Federation, from Fred J. Lingham (Federal Mill & Elevator Co.) regarding the meeting of the Federation to be held on October 12, 1923.
6. Oct. 6, 1923.—Letter to A. P. Husband, secretary of the Millers' National Federation, from Fred J. Lingham (Federal Mill & Elevator Co.) regarding Washburn Crosby Co. holding firm on prices.
7. Oct. 8, 1923.—Letter to Fred J. Lingham (Federal Mill & Elevator Co.) from secretary of the Millers' National Federation, regarding the meeting of the Federation to be held on October 12, 1923.
8. Dec. 8, 1923.—Letter to A. P. Husband, secretary of the Millers' National Federation, from Fred J. Lingham (Federal Mill & Elevator Co.) stating that the Washburn Crosby Co. did not cut prices to General (this apparently refers to the General Baking Co.).
9. Dec. 10, 1923.—Letter to Fred J. Lingham (Federal Mill & Elevator Co.) from the secretary of the Millers' National Federation, replying to letter of December 8 above.
10. Dec. 13, 1923.—Letter to A. P. Husband, secretary of the Millers' National Federation, from Fred J. Lingham (Federal Mill & Elevator Co.) regarding a charge of price cutting against the Federal Mill & Elevator Co. by Loring (Pillsbury Flour Mills Co.).
11. Dec. 17, 1923.—Letter to A. P. Husband, secretary of the Millers' National Federation, from Fred J. Lingham (Federal Mill & Elevator Co.) regarding letters from Mr. Henry (Manager of the Washburn Crosby Co., Buffalo, N. Y.) and Mr. Loring (Pillsbury Flour Mills Co.).
12. Dec. 17, 1923.—Letter to F. F. Henry, manager of the Washburn Crosby Co., Buffalo, N. Y., from F. J. Lingham (Federal Mill & Elevator Co.) regarding the charge that the Federal Mill & Elevator Co. was cutting prices.
13. Dec. 28, 1923.—Letter to A. P. Husband, secretary of the Millers' National Federation, from Fred J. Lingham (Federal Mill & Elevator Co.) in regard to Federation Bulletin No. 307 and to the need of mutual confidence.
14. Feb. 11, 1924.—Letter from Blair Milling Co. to Federal Mill & Elevator Co. regarding cut price quotations.
15. Feb. 13, 1924.—Letter from Fred J. Lingham to A. P. Husband, regarding cut prices and the Blair Milling Co.
16. Feb. 13, 1924.—Letter from Fred J. Lingham (Federal Mill & Elevator Co.) to Blair Milling Co., regarding cut price quotations.
17. July 18, 1924.—Letter from E. S. Wagner, Millers' National Federation, to Fred J. Lingham, regarding restricting of sales to 60 days and getting a fair profit.
18. Aug. 26, 1924.—Letter from Kansas Flour Mills Co. to Federal Mill & Elevator Co. regarding exchange of prices.
19. Aug. 19, 1924.—Letter from Kansas Flour Mills Co. to Federal Mill & Elevator Co. regarding exchange of prices.
20. Aug. 12, 1924.—Letter from Federal Mill & Elevator Co. to Kansas Flour Mills Co., Kansas City, Mo., regarding price of \$6.65 which was reported Kansas Flour Mills had made in Pennsylvania.
21. Aug. 23, 1924.—Letter from Federal Mill & Elevator Co. to Kansas Flour Mills Co. regarding exchange of prices.
22. Aug. 26, 1924.—Letter from Federal Mill & Elevator Co. to Kansas Flour Mills Co. regarding exchange of prices.
23. Aug. 28, 1924.—Letter from Federal Mill & Elevator Co. to Kansas Flour Mills Co. regarding exchange of prices.
24. Aug. 29, 1924.—Letter from Kansas Flour Mills Co. to Federal Mill & Elevator Co. regarding exchange of prices.
25. Sept. 2, 1924.—Letter from Federal Mill & Elevator Co. to Kansas Flour Mills Co. regarding exchange of prices.

26. Sept. 4, 1924.—Letter from Kansas Flour Mills Co. to Federal Mill & Elevator Co. regarding exchange of prices.
27. Sept. 6, 1924.—Letter from Federal Mill & Elevator Co. to Kansas Flour Mills Co. regarding exchange of prices.
28. Nov. 11, 1924.—Letter from Fred J. Lingham to Sydney Anderson, president Millers' National Federation, in regard to plans for Millers' National Federation to restrict competition.
29. Nov. 11, 1924.—Letter from Fred J. Lingham to A. P. Husband, secretary Millers' National Federation, regarding fact that selling at the old price after an advance is demoralizing.
30. Nov. 13, 1924.—Letter from E. S. Wagner, Millers' National Federation, to Fred J. Lingham, regarding demoralization caused by selling at old prices after an advance.
31. Nov. 24, 1924. Letter from president Millers' National Federation to Fred J. Lingham, in regard to plans for Millers' National Federation to restrict competition.
32. Dec. 26, 1924. Letter from F. J. Lingham, Federal Mill & Elevator Co. Inc. to Millers' National Federation.
33. Dec. 29, 1924. Letter from secretary Millers' National Federation to Fred J. Lingham.
34. Jan. 14, 1925. Letter from secretary Millers' National Federation to Fred J. Lingham.
35. Jan. 16, 1925. Letter from Fred J. Lingham (Federal Mill & Elevator Co. Inc.) to Millers' National Federation.
36. Jan. 21, 1925. Letter from Fred J. Lingham (Federal Mill & Elevator Co. Inc.) to A. P. Husband, secretary Millers' National Federation.

MILLERS' NATIONAL FEDERATION

List of papers selected by John Knox Arnold from the files of the Millers' National Federation, Chicago, Ill., during the period from February 13 to February 18, 1925, inclusive.

NOTE.—Copies of these papers were requested, but this request was refused by Mr. A. P. Husband, secretary, and Mr. Sydney Anderson, president, of the Federation.

339. Nov. 19, 1923.—To the Millers' National Federation, from the Russell-Miller Milling Co., regarding package differentials.

340. Nov. 20, 1923.—To the Russell-Miller Milling Co. from the secretary of the Millers' National Federation regarding package differentials.

NOTE.—Letters numbered from 341 to 375 inclusive are letters between C. L. Roos (Hunter Milling Co.), president of the Millers' National Federation and A. P. Husband, secretary of the Millers' National Federation, regarding the plans and purposes and results of the meeting of the Millers' National Federation held in Chicago on October 12, 1923.

341. Aug. 27, 1923.—To A. P. Husband from C. L. Roos.

342. Sept. 1, 1923.—To C. L. Roos from the secretary of the Millers' National Federation.

343-344. Aug. 31, 1923.—To A. P. Husband, from C. L. Roos. (A letter.)

345. Aug. 31, 1923.—To A. P. Husband, from C. L. Roos. (A telegram.)

346. Sept. 26, 1923.—To A. P. Husband, from C. L. Roos. (A letter.)

347. This is the second sheet of letter 346 above.

348. Sept. 28, 1923.—To A. P. Husband, from C. L. Roos.

349. Sept. 28, 1923.—To A. P. Husband, from C. L. Roos.

350. Sept. 29, 1923.—To C. L. Roos, from A. P. Husband.

351. Sept. 29, 1923.—To A. P. Husband from C. L. Roos.

352. Sept. 28, 1923.—To A. P. Husband from C. L. Roos.

353. Sept. 24, 1923.—To A. P. Husband from C. L. Roos.

354. Sept. 13, 1923.—To A. P. Husband from C. L. Roos.

355. This is the second page of letter No. 354 above.

356. Oct. 2, 1923.—To A. P. Husband from C. L. Roos.

357. Oct. 4, 1923.—To C. L. Roos from A. P. Husband.

358. Oct. 4, 1923.—To A. P. Husband from C. L. Roos.

359. Oct. 4, 1923.—To T. S. Blish (of the Blish Milling Co.) from C. L. Roos.

360. Oct. 6, 1923.—To C. L. Roos from the secretary of the Millers' National Federation.

361. Oct. 1, 1923.—To B. W. Marr (of the Gwinn Milling Co.) from the secretary of the Millers' National Federation.

362. List of persons to whom letter No. 361 was also sent.

363. Oct. 16, 1923.—To C. L. Roos, from the secretary of the Millers' National Federation.

364. Oct. 17, 1923.—To C. L. Roos, from the secretary of the Millers' National Federation.

365. Oct. 16, 1923.—To A. P. Husband, from C. L. Roos.

366. This is the second sheet to letter No. 365 above.

367. Oct. 18, 1923.—To C. L. Roos, from A. P. Husband. (A telegram.)

368. Oct. 18, 1923.—To A. P. Husband from C. L. Roos. (A telegram.)

369. Oct. 18, 1923.—To C. L. Roos, from A. P. Husband. (A telegram.)

370. Oct. 18, 1923.—To C. L. Roos from A. P. Husband. (A letter.)

371. Oct. 18, 1923.—To A. P. Husband, from C. L. Roos. (A wire.)

372. Oct. 19, 1923.—To A. P. Husband, from C. L. Roos. (A wire.)

373. Oct. 18, 1923.—To A. P. Husband, from C. L. Roos. (A letter.)

374. Oct. 27, 1923.—To A. P. Husband, from C. L. Roos.

375 Nov. 12, 1923.—To A. P. Husband from C. L. Roos.

NOTE.—Letter No. 375 above is the end of the correspondence between C. L. Roos and A. P. Husband regarding the meeting at Chicago on October 12, 1923. See note immediately preceding letter No. 341 above.

376. Dec. 10, 1923.—To A. P. Husband, secretary of the Millers' National Federation, from C. L. Roos (Hunter Milling Co.) regarding meeting of the Millers' National Federation, January 15, 1924.

377. Dec. 12, 1923.—To C. L. Roos (Hunter Milling Co.) to A. P. Husband, secretary of the Millers' National Federation regarding the meeting of the Millers' National Federation on January 15, 1924.

378. Oct. 3, 1923.—To A. P. Husband, secretary of the Millers' National Federation from Fred J. Lingham (Federal Mill & Elevator Co.) regarding curtailment of output.

379. Oct. 3, 1923.—To C. L. Roos (Hunter Milling Co.) from Fred J. Lingham (Federal Mill & Elevator Co.) regarding curtailment of output.

380. Oct. 3, 1923.—To A. P. Husband, secretary of the Millers' National Federation from Fred J. Lingham (Federal Mill & Elevator Co.) regarding the meeting of the Federation held on October 12, 1923.

381. Oct. 4, 1923.—To Fred J. Lingham (Federal Mill & Elevator Co.) from the secretary of the Millers' National Federation regarding the meeting of the Federation to be held October 12, 1923.

382. Oct. 5, 1923.—To A. P. Husband, secretary of the Millers' National Federation from Fred J. Lingham (Federal Mill & Elevator Co.) regarding the meeting of the Federation to be held on October 12, 1923.

383. Oct. 8, 1923.—To Fred J. Lingham (Federal Mill & Elevator Co.) from secretary of the Millers' National Federation regarding the meeting of the Federation to be held on October 12, 1923.

384. Oct. 6, 1923.—To A. P. Husband, secretary of the Millers' National Federation from Fred J. Lingham (Federal Mill & Elevator Co.) regarding Washburn Crosby Co. holding firm on prices.

385. Dec. 8, 1923.—To A. P. Husband, secretary of the Millers' National Federation, from Fred J. Lingham (Federal Mill & Elevator Co.) stating that the Washburn Crosby Co. did not cut prices to General. (This apparently refers to the General Baking Co.)

386. Dec. 10, 1923.—To Fred J. Lingham (Federal Mill & Elevator Co.) from the secretary of the Millers' National Federation, replying to letter 385 above.

387. Dec. 13, 1923.—To A. P. Husband, secretary of the Millers' National Federation, from Fred J. Lingham (Federal Mill & Elevator Co.) regarding a charge of price cutting against the Federal Mill & Elevator Co. by Loring (Pillsbury Flour Mills Co.).

388. Dec. 17, 1923.—To A. P. Husband, secretary of the Millers' National Federation from Fred J. Lingham (Federal Mill & Elevator Co.) regarding letters from Mr. Henry (manager of the Washburn Crosby Co. Buffalo, N. Y.) and Mr. Loring (Pillsbury Flour Mills Co.) (This letter in the files of the Millers' National Federation has also a long-hand note in addition to the type-written letter.)

389. Dec. 17, 1923.—To F. F. Henry, manager of the Washburn Crosby Co., Buffalo, N. Y., from F. J. Lingham (Federal Mill & Elevator Co.) regarding the charge that the Federal Mill & Elevator Co. was cutting prices.

390. Dec. 28, 1923.—To A. P. Husband, secretary of the Millers' National Federation, from Fred J. Lingham (Federal Mill & Elevator Co.) in regard to Federation Bulletin No. 307 and to the need of mutual confidence.
51. Jan. 18, 1924.—To Carl W. Sims of the Sims Milling Co. from the secretary of the Millers' National Federation regarding the "Twelve Hour Club."
52. Jan. 21, 1924.—To A. P. Husband, secretary of the Millers' National Federation, from Carl W. Sims of the Sims Milling Co. regarding the "Twelve Hour Club."
53. July 3, 1924.—To E. S. Wagner of the Millers' National Federation from Carl W. Sims, of the Sims Milling Co., regarding the carrying charge.
54. July 12, 1924.—To C. W. Sims, of the Sims Milling Co., from E. S. Wagner, acting secretary of the Millers' National Federation, regarding letter from F. D. Stevens, secretary of the Kansas Millers' Club, concerning an agreement about carrying charge.
55. July 14, 1924.—To E. S. Wagner, of the Millers' National Federation, from Carl W. Sims of the Sims Milling Co., regarding letter from F. D. Stevens, secretary of the Kansas Millers' Club, concerning agreement about the carrying charge.
56. Sept. 5, 1924.—To Carl W. Sims, of the Sims Milling Co., from A. P. Husband, secretary of the Millers' National Federation, being a copy of a wire regarding the agreement on carrying charges.
57. Jan. 17, 1924.—To T. S. Blish (of the Blish Milling Co.) from George S. Milnor (of the Sparks Milling Co.) (Carbon copy to A. P. Husband) regarding Mr. Bell's remarks at the meeting in Chicago. (The Mr. Bell referred to is evidently James Ford Bell, vice president of the Washburn Crosby Co.)
58. Sept. 20, 1924.—To Millers' National Federation from the Sperry Flour Co., written by Mr. W. L. Beedy of the grain department and asking for a copy of the sales contract.
59. Sept. 24, 1924.—To the Sperry Flour Co. from E. S. Wagner, of the Millers' National Federation, regarding the sales contract.
60. Nov. 20, 1924.—To Millers' National Federation from W. H. Joyce of the Sperry Flour Co. regarding the threatened competition of the Washburn Crosby Co. and the Pillsbury Flour Mills Co. on the Pacific coast.
61. (Marked "Personal" at the top.) Dec. 3, 1924.—To W. H. Joyce, president of the Sperry Flour Co., from A. P. Husband, secretary of the Millers' National Federation, regarding threatened competition between Washburn Crosby Co. and the Pillsbury Flour Mills Co. on the Pacific coast.
62. Dec. 5, 1924.—To W. H. Joyce, president, Sperry Flour Co. from the president of the Millers' National Federation (Sydney Anderson) regarding the competition of the Washburn Crosby Co. and the Pillsbury Flour Mills Co. on the Pacific coast.
63. Dec. 5, 1924.—To A. C. Loring of the Pillsbury Flour Mills Co. from the president of the Millers' National Federation (Sydney Anderson) regarding threatened competition between Washburn Crosby Co. and the Pillsbury Flour Mills Co. on the Pacific coast.
64. Dec. 5, 1924.—To James F. Bell, 200 Chamber Commerce Building, Minneapolis, Minn. (V. P. Washburn Crosby Co.) from the president of the Millers' National Federation (Sydney Anderson) regarding the threatened competition between Washburn Crosby Co. and the Pillsbury Flour Mills Co. on the Pacific coast.
65. Jan. 28, 1924.—To A. P. Husband, secretary of the Millers' National Federation from C. V. Topping, secretary of the Southwestern Millers' League, regarding dispute between the Kansas Flour Mills and the Oklahoma Mill.
66. Oct. 4, 1924.—To A. P. Husband from Peter Haupt of the White Dove Flour Mills, New Athens, Ill., regarding cut prices in Mississippi.
67. Oct. 6, 1924.—To Peter Haupt of the White Dove Flour Mills from secretary of the Millers' National Federation regarding price cutting in Mississippi.
68. Mar. 21, 1924.—To the Millers' National Federation from the Wolff Milling Co., New Haven, M., regarding sack differentials.
69. Mar. 24, 1924.—To the Wolff Milling Co., from the secretary of the Millers' National Federation regarding sack differentials.
70. Apr. 3, 1924.—To the Millers' National Federation, from the Wolff Milling Co., regarding sack differentials.
71. Apr. 4, 1924.—To the Wolff Milling Co. from the secretary of the Millers' National Federation regarding sack differentials.

72. Dec. 22, 1924.—To Millers' National Federation from Robert R. Clark of the Aunt Jemima Mills Co., regarding action of the Kansas Flour Mills.
73. Dec. 20, 1924.—To W. H. Joyce of the Sperry Flour Co. from Sydney Anderson, president of the Millers' National Federation, regarding competition on the Pacific coast, from the Washburn Crosby Co. and the Pillsbury Flour Mills Co.
74. Dec. 31, 1924.—To A. P. Husband, secretary of the Millers' National Federation, from Sydney Anderson, president of the Millers' National Federation, regarding proposed trip to Minneapolis to settle differences.
75. Dec. 29, 1924.—To George Livingston of the Livingston Service Bureau of Minneapolis, Minn., from the president of the Millers' National Federation (Sydney Anderson) referring to the fact that Mr. Bell (evidently Mr. James Ford Bell, vice president of Washburn Crosby Co.) had gotten both Mr. Anderson and Mr. Livingston into the work on which they are engaged.
76. Dec. 29, 1924.—To Sydney Anderson, president of the Millers' National Federation, from the secretary of the Millers' National Federation concerning the information which had been secured from Mr. George Livingston that the Washburn-Crosby Co. and the Pillsbury Flour Mills Co. were about to start up trade trouble in Minneapolis.
77. Dec. 26, 1924.—To Sydney Anderson, president of the Millers' National Federation, from the secretary of the Millers' National Federation, regarding the necessity of a trip by Mr. Anderson to Minneapolis to see Mr. Bell (of the Washburn Crosby Co.).
78. Dec. 5, 1924.—To James F. Bell (of the Washburn Crosby Co.) from Sydney Anderson, president of the Millers' National Federation regarding conferences that had been suggested by Mr. Sterling (R. E. Sterling, editor of the Northwestern Miller, with offices in Kansas City, Mo.).
79. Dec. 5, 1924.—To A. P. Husband, secretary of the Millers' National Federation, from Sydney Anderson, president of the Millers' National Federation, regarding the complaint of Mr. Joyce of the Sperry Flour Co. against Mr. Loring of the Pillsbury Flour Mills Co., and Mr. Bell of the Washburn Crosby Co., concerning the threatened competition by the two latter companies on the Pacific coast.
80. Dec. 8, 1924.—To Sydney Anderson, president of the Millers' National Federation from the secretary of the Millers' National Federation, regarding letters from Mr. Anderson to Mr. Loring, president of the Pillsbury Flour Mills Co., and Mr. Bell, vice president of the Washburn Crosby Co.
81. Dec. 5, 1924.—To Sydney Anderson, president of the Millers' National Federation, from the secretary of the Millers' National Federation, regarding "list of undesirable practices."
82. Undated list of about 75 companies to whom a letter was to be sent regarding "list of undesirable practices."
83. Undated form letter sent to list of 75 millers regarding "list of undesirable practices."
84. Undated copy of proposed uncommercial and unethical practices that should be "outlawed" by flour millers.
85. Oct. 25, 1924.—To Sydney Anderson, president of the Millers' National Federation, from E. S. Wagner, of the Millers' National Federation, regarding a letter from Mr. Bell (of the Washburn Crosby Co.) directed to Mr. Anderson and dated October 23, which concerned correspondence between Mr. Bell and Mr. Garvin (Bay State Milling Co.).
86. Oct. 30, 1924.—To Sydney Anderson, president of the Millers' National Federation, from E. S. Wagner, of the Millers' National Federation, regarding letter directed to Mr. Anderson from Mr. Bell (Washburn Crosby Co.) and dated October 29, 1924.
87. Sept. 6, 1924.—To Sydney Anderson, president of the Millers' National Federation, from the secretary of the Millers' National Federation regarding the minutes of the meeting at Kansas City and a list of those present at this meeting which was to be furnished by Mr. Sterling. (R. E. Sterling, editor of the Northwestern Miller, Kansas City, Mo. office.)
88. Nov. 5, 1924.—To Millers' National Federation from J. F. Bell (Washburn Crosby Co.) regarding carrying charges.
89. Nov. 6, 1924.—To James F. Bell (Washburn-Crosby Co.) from E. S. Wagner of the Millers' National Federation regarding carrying charges.
90. Sept. 6, 1924.—(Marked "personal") to James F. Bell (Washburn Crosby Co.), from the secretary of the Millers' National Federation, answer-

ing Mr. James F. Bell's letter of September 5, and regarding notes made by the secretary of a Thursday meeting of the millers.

91. Jan. 3, 1924.—To Millers' National Federation from James F. Bell (Washburn Crosby Co.) regarding Mr. Bell attending meeting of the Millers' National Federation to be held January 15, 1924.

92. Dec. 18, 1923.—To Millers' National Federation, from James F. Bell (Washburn Crosby Co.) regarding the desire of the Washburn Crosby Co. to adhere to proper ethics in sales.

(Papers numbered from 93 to 184 inclusive were selected on February 16, 1925, from the files containing the 1924 correspondence of the federation.)

93. Dec. 20, 1924.—To A. P. Husband, secretary of the Millers' National Federation, from the Centennial Mill Co. signed by M. Thomsen, president, regarding 27 group meetings of millers.

94. Nov. 24, 1924.—To Millers' National Federation (A. P. Husband, secretary) from the Centennial Mill Co., signed by L. P. Baumann, secretary, regarding a letter received from C. T. Olson, of the Commander Mills, concerning the complaint at the Portland meeting in regard to the package differentials.

95. Nov. 28.—To L. P. Baumann (Centennial Mill Co.) from the secretary of the Federation regarding traffic matters.

96. July 10, 1924.—To the Millers' National Federation (A. P. Husband, secretary) from F. D. Stevens, secretary of the Kansas Millers' Club, regarding the adoption of carrying charges.

97. July 12, 1924.—To F. D. Stevens (secretary of the Kansas Millers' Club) from E. S. Wagner, acting secretary of the Millers' National Federation regarding carrying charges.

98. Feb. 18, 1924.—To Capital City Milling & Grain Co., St. Paul, Minn., from E. S. Wagner, acting secretary of the Millers' National Federation, regarding uniform sales contract blanks.

99. Oct. 4, 1924.—To the Millers' National Federation from the Burns Publishing Co., Olathe, Kans., regarding printing uniform sales contract blanks.

100. Oct. 6, 1924.—To Burns Publishing Co., Olathe, Kans., from the secretary of the Millers' National Federation regarding uniform sales contract blanks.

101. Sept. 29, 1924.—To Millers' National Federation from the Burns Publishing Co. regarding uniform sales contract blanks.

102. Sept. 13, 1924.—Circular letter of the Burns Publishing Co. regarding uniform sales contract blanks.

103. Sept. 30, 1924.—To Burns Publishing Co. from E. S. Wagner of the Millers' National Federation regarding uniform sales contract blanks.

104. Aug. 27, 1924.—To A. P. Husband (secretary Millers' National Federation) from the Burns Publishing Co. regarding uniform sales contract blanks.

105. Aug. 28, 1924.—To Burns Publishing Co. from Millers' National Federation regarding uniform sales contract blanks.

106. July 16, 1924.—To E. S. Wagner of the Millers' National Federation from A. C. Loring, president of the Pillsbury Flour Mills Co. in regard to authorizing the executive committee to act for the Board of Directors.

107. July 10, 1924.—To E. S. Wagner of the Millers' National Federation from Guy A. Thomas (Washburn Crosby Co.) in regard to authorizing the executive committee to act for the Board of Directors.

108. June 25, 1924.—To A. P. Husband, secretary of the Millers' National Federation from H. S. Helm of the Russell-Miller Milling Co. in regard to authorizing the executive committee to act for the Board of Directors.

109. July 8, 1924.—Circular letter to the Board of Directors of the Millers' National Federation from E. S. Wagner, acting secretary of the Millers' National Federation in regard to authorizing the executive committee to act for the Board of Directors.

110. June 20, 1924.—Circular letter to Board of Directors of the Millers' National Federation from A. P. Husband, secretary of the Millers' National Federation, in regard to authorizing the executive committee to act for the Board of Directors.

111. Dec. 22, 1924.—To James F. Bell (Washburn Crosby Co.) from Sydney Anderson, president of the Millers' National Federation, regarding President Anderson's report to the executive committee, dated December 22, 1924.

112. Aug. 26, 1924.—To the members of the executive committee of the Millers' National Federation from the secretary of the Federation regarding the group meeting, in Kansas City on September 3 and 4, 1924.

113. June 28, 1924.—To members of the executive committee of the Millers' National Federation from the secretary of the Federation regarding an editorial in Modern Miller and also the application for membership of the Russell-Miller Milling Co.

114. Nov. 8, 1924.—To Millers' National Federation from B. A. Eckhart Milling Co., regarding selling terms.

115. Nov. 10, 1924.—To B. A. Eckhart Milling Co. from E. S. Wagner, of the Millers' National Federation, regarding selling terms.

116. Feb. 7, 1924.—To Millers' National Federation from Duluth Superior Milling Co., regarding long-time sales.

117. Jan. 30, 1924.—Circular of the George P. Plant Milling Co. regarding long-time terms.

118. Feb. 8, 1924.—To Duluth Superior Milling Co. from E. S. Wagner of the Millers' National Federation regarding long-time sales.

119. Feb. 12, 1924.—Duluth Superior Milling Co. from the secretary of the Millers' National Federation regarding long-time sales.

120. Feb. 14, 1924.—To Duluth Superior Milling Co. from the secretary of the Millers' National Federation regarding long-time sales.

121. Jan. 21, 1923.—To Millers' National Federation from Duluth Superior Milling Co. regarding selling on a pound basis. (This letter is dated January 21, 1923, but was apparently written January 21, 1924. See letter No. 123 below.)

122. Undated circular of the Duluth Superior Milling Co. regarding selling on a pound basis.

123. Jan. 22, 1924.—To Duluth Superior Milling Co. from E. S. Wagner of the Millers' National Federation. (This letter is in answer to letter No. 121 above.)

124. May 7, 1924.—To Millers' National Federation from J. W. Denio Milling Co., signed by Ralph Denio, regarding representative for the Federation in Washington.

125. May 7, 1924.—To Eagle Roller Mills from Ralph Denio, of the J. W. Denio Milling Co. regarding method of raising money to carry on the work of the Millers' National Federation.

126. May 10, 1924.—To J. W. Denio Milling Co. from the secretary of the Millers' National Federation regarding the plans of the Millers' National Federation.

127. Sept. 25, 1924.—To the New Richmond Roller Mills from E. S. Wagner of the Millers' National Federation regarding sales contract forms.

128. Dec. 13, 1924.—To Colton Bros. & Co. from secretary of the Millers' National Federation in regard to secretaries of the State Millers' Association becoming members of the Millers' National Federation.

129. June 14, 1924.—To Millers' National Federation from E. M. Colton (of Colton Bros. & Co.) in regard to the attempt of the secretaries of the State associations to form a new federation of associations at St. Louis.

130. June 16, 1924.—To Edwin M. Colton (of Colton Bros. & Co.) from the secretary of the Millers' National Federation with regard to the attempt of the secretaries of the State associations to form a new federation of associations at St. Louis.

131. May 29, 1924.—To A. P. Husband, secretary of the Millers' National Federation from Edwin M. Colton (of Colton Bros. Co.) regarding the attempt of the secretaries of the State associations to form a new federation of State associations.

132. Jan. 19, 1924.—To A. P. Husband, secretary of the Millers' National Federation from E. M. Colton (Colton Bros. Co.) regarding copies of the report of the meeting of the Federation held January 15, 1924.

133. Jan. 21, 1924.—To E. M. Colton (Colton Bros. Co.) from E. S. Wagner (Millers' National Federation) regarding copies of the report of the meeting of the Federation held January 15, 1924.

134. Jan. 19, 1924.—To the Claro Milling Co. from the secretary of the Millers' National Federation regarding package differentials.

135. Sept. 4, 1924.—To the Millers' National Federation from S. W. Hershey Flour Mills regarding package differentials.

136. Sept. 5, 1924.—To the S. W. Hershey Flour Mills, from the Millers' National Federation, regarding package differentials.

137. Dec. 26, 1924.—To Millers' National Federation from S. W. Hershey Flour Mills regarding package differentials.

138. Dec. 29, 1924.—To the S. W. Hershey Flour Mills from Millers' National Federation regarding package differentials.
139. Jan. 24, 1924.—To the Millers' National Federation from the Hezel Milling Co. regarding the A-B-C plan of classifying sales.
140. Jan. 28, 1924.—To Hezel Milling Co. from the secretary of the Millers' National Federation regarding the A-B-C plan of classifying sales.
141. Jan. 25, 1924.—To A. P. Husband (secretary, Millers' National Federation) from the Hezel Milling Co. regarding the effects of the meetings of the Millers' National Federation on profits.
142. Aug. 8, 1924.—To Millers' National Federation from the Hanley Milling Co. giving reasons for not joining the Federation and referring to honorable agreements between millers.
143. Jan. 16, 1924.—To A. P. Husband, secretary of the Millers' National Federation from Jonathan Hale and Sons, regarding the plans to inflate costs.
144. Jan. 17, 1924.—To the Jonathan Hale & Sons from the secretary of the Millers' National Federation in regard to plans to inflate costs.
145. Sept. 15, 1924.—To the Millers' National Federation, from Carrier, Gurtler & Drobnis (a shorthand reporting firm in Chicago) in regard to reporting the October 8-9, 1924 meeting of the Millers' National Federation.
146. Sept. 19, 1924.—To Carrier, Gurtler & Drobnis, from E. S. Wagner of the Millers' National Federation in regard to reporting the October 8-9, 1924 meeting of the Millers' National Federation.
147. Feb. 16, 1924.—To the Millers' National Federation from Granville Elevator & Milling Co. regarding uniform sales contract.
148. Feb. 18, 1924.—To the Granville Milling Co. from the Millers' National Federation regarding uniform sales contract.
149. Jan. 4, 1924.—To the Millers' National Federation, from O. D. Fisher (of the Fisher Flour Mills Co.) regarding prices and the activities of the Millers' National Federation.
150. Oct. 17, 1924.—To the Millers' National Federation from the Fairchild Milling Co. regarding cut prices on flour in New York.
151. Oct. 18, 1924.—To the Fairchild Milling Co. from the secretary of the Millers' National Federation regarding cutting prices on flour in New York.
152. Oct. 22, 1924.—To the Fairchild Milling Co. from the president of the Millers' National Federation (Sydney Anderson) regarding the cutting of prices on flour in New York.
153. Aug. 12, 1924.—To Charles T. Olson (of the Commander Mills) from H. H. King Flour Mills Co., regarding package differentials.
154. Aug. 13, 1924.—To the Montana Flour Mills Co. from Charles T. Olson (chairman of the committee on package differentials of the Millers' National Federation, and also of the Commander Mills) regarding package differentials.
155. Feb. 1, 1924.—To the Kelsay-Burns Milling Co. from E. S. Wagner of Millers' National Federation regarding the policies of the Millers' National Federation.
156. Nov. 11, 1924.—To Sydney Anderson, president of the Millers' National Federation from Fred J. Lingham (Federal Mill & Elevator Co. Inc.) in regard to plans for the Millers' National Federation to restrict competition.
157. Nov. 24, 1924.—To Fred J. Lingham (Federal Mill & Elevator Co. Inc.) from the president of the Millers' National Federation (Sydney Anderson) in regard to plans for the Millers' National Federation to restrict competition.
158. Nov. 11, 1924, to A. P. Husband, secretary of the Millers' National Federation, from Fred J. Lingham (Federal Mill & Elevator Co. Inc.) regarding the fact that selling at the old price after an advance is demoralizing.
159. Nov. 13, 1924 to Fred J. Lingham (Federal Mill & Elevator Co. Inc.) from E. S. Wagner of the Millers' National Federation, regarding the demoralization caused by selling at old prices after an advance.
160. July 18, 1924, to Fred J. Lingham (Federal Mill & Elevator Co. Inc.) from E. S. Wagner of the Millers' National Federation regarding the restricting of sales to 60 days and getting a fair profit.
161. Feb. 13, 1924 to A. P. Husband, secretary of the Millers' National Federation, from Fred J. Lingham (Federal Mill & Elevator Co. Inc.) regarding cut prices and the Blair Milling Co.
162. Feb. 11, 1924, to Federal Mill & Elevator Co. Inc. from the Blair Milling Co. regarding cut price quotations.
163. Feb. 13, 1924, to the Blair Milling Co. from Fred J. Lingham of the Federal Mill & Elevator Co. Inc. regarding cut price quotations.

164. Aug. 29, 1924, to A. P. Husband, secretary of the Millers' National Federation, from George Livingston of the Livingston Service Bureau regarding the Eckhart Milling accounting plan.
165. Aug. 30, 1924, to George Livingston of the Livingston Service Bureau from the secretary of the Millers' National Federation regarding the method of figuring costs under the Eckhart Milling accounting plan.
166. Sept. 19, 1924, to A. P. Husband, secretary of the Millers' National Federation from George Livingston of the Livingston Service Bureau, 603 Second Avenue, Minneapolis, Minn., regarding carrying charge.
167. Sept. 20, 1924 to George Livingston of the Livingston Service Bureau from E. S. Wagner of the Millers National Federation, regarding carrying charges.
168. Sept. 27, 1924, to George Livingston of the Livingston Service Bureau, from the secretary of the Millers National Federation, regarding carrying charges.
169. Jan. 2, 1923.—To Millers' National Federation from the H. D. Lee Flour Mills Co. regarding package differentials. (Dated on letter as January 2, 1923, but this is evidently a mistake. for January 2, 1924, see letter No. 170 below.)
170. Jan. 4, 1924.—To H. D. Lee Flour Mills Co. from the secretary of the Millers' National Federation in regard to package differentials. (This letter is in answer to 169 above.)
171. Oct. 2, 1924.—To A. P. Husband, secretary of the Millers' National Federation from W. E. Meek (of the Meek Milling Co.) regarding the group meeting of the millers held in Belleville, Ill., Oct. 1, 1924.
172. Feb. 18, 1924.—To the Millers' National Federation from the Maney Milling Co. in regard to Pillsbury Flour Mills Co. cutting prices on New York State bid.
173. Mar. 1 (or 2) 1924.—To A. P. Husband, secretary of the Millers' National Federation from Dwight K. Yerxa of the Pillsbury Flour Mills Co., Buffalo, N. Y. branch, regarding the charge that the Pillsbury Flour Mills Co. had cut prices on a New York State bid.
174. Oct. 29, 1924.—To Millers' National Federation from J. C. Lysle Milling Co. regarding guarantee against decline by Texas mills.
175. Oct. 30, 1924.—To J. C. Lysle Milling Co. from E. S. Wagner of the Millers' National Federation regarding guarantee against decline by Texas mills.
176. Nov. 26, 1924.—To J. C. Lysle Milling Co. from the secretary of the Millers' National Federation regarding guarantee against decline by the Texas mills.
177. Nov. 29, 1924.—To J. C. Lysle Milling Co. from the secretary of the Millers' National Federation regarding guarantee against decline by Texas mills.
178. Dec. 12, 1924.—To the Millers' National Federation from Sydney Anderson (president of the Federation) regarding the J. S. Lysle Milling Co. correspondence.
179. Dec. 12, 1924.—To J. C. Lysle Milling Co. from Sydney Anderson (president of the Millers' National Federation) regarding sales below replacement value.
180. Dec. 3, 1924.—To Millers' National Federation from J. C. Lysle Milling Co. regarding sales below replacement value.
181. Dec. 5, 1924.—To J. C. Lysle Milling Co. from the secretary of the Millers' National Federation regarding sales below replacement value.
182. Dec. 8, 1924.—To A. P. Husband, secretary of the Millers' National Federation from the J. C. Lysle Milling Co. regarding sales below replacement value.
183. Dec. 9, 1924.—To J. C. Lysle Milling Co. from the secretary of the Millers' National Federation regarding sales below replacement value.
184. Dec. 11, 1924.—To A. P. Husband, secretary of the Millers' National Federation, from J. C. Lysle Milling Co. on sales below replacement value. (Papers numbered from 185 to 232 inclusive were selected on February 17, 1925 from files containing the 1924 correspondence of the Federation.)
185. Sept. 8, 1924.—To Millers' National Federation from the Midland Flour Milling Co. (Harry G. Randall, vice president) proposing that no outsiders be admitted at the millers' meetings.

186. Sept. 19, 1924.—To H. G. Randall (Midland Flour Milling Co.) from the secretary of the Millers' National Federation answering letter No. 185 above and suggesting executive meetings.
187. Oct. 1, 1924.—To A. P. Husband, secretary of the Millers' National Federation from the Mennel Milling Co. (M. N. Mennel) in regard to an early Wednesday morning meeting.
188. Oct. 3, 1924.—To A. P. Husband, secretary of the Millers' National Federation, from M. N. Mennel of the Mennel Milling Co. in regard to a meeting in President Anderson's room at Hotel Sherman, Chicago, at 9.00 o'clock Wednesday morning.
189. Jan. 7, 1924.—To Millers' National Federation from B. J. Rothwell (on letterhead of the Bay State Milling Co., Winona, Minn.) regarding proposed open-price plan for the Millers' National Federation.
- 190-a Jan. 9, 1924.—To B. J. Rothwell, care Lawrenceburg Roller Mills Co. Lawrenceburg, Ind., replying to letter No. 189 above, from the secretary of the Millers' National Federation stating that Mr. Rogers (attorney for the Federation) will confer with a friend in the legal department of the Federal Trade Commission as to how far the Federation can go in carrying out the suggested open-price plan.
- 190-b July 23, 1924.—To W. H. Wiggins of the Northwestern Miller, Toledo, Ohio branch, from E. S. Wagner, acting secretary of the Millers' National Federation, regarding Mr. Wiggins's speech before the Michigan State Millers' Association at Grand Rapids, Mich.
191. Jan. 6, 1924.—To Millers' National Federation, from H. A. Bellows, of the Northwestern Miller, Minneapolis, Minn. office, regarding package differentials.
192. Jan. 5, 1924.—To H. A. Bellows of the Northwestern Miller, Minneapolis, Minn. office, from the secretary of the Millers' National Federation, regarding package differentials.
193. Oct. 20, 1924.—To Millers' National Federation from Ralph (Ralph C. Sowden of the New Era Milling Co.) regarding meetings of the Oklahoma and Kansas millers.
194. Sept. 16, 1924.—To the Millers' National Federation, from A. R. Kinney (of the Nebraska Consolidated Milling Co.) regarding price cutting by the Duluth Imperial Mills.
195. Sept. 17, 1924.—To A. R. Kinney (Nebraska Consolidated Milling Co.) from E. S. Wagner of the Millers' National Federation regarding price cutting by Duluth Imperial Mills.
196. Sept. 30, 1924.—To Millers' National Federation from Washburn Crosby Co. (J. H. Milliken) regarding price cutting by Duluth Imperial Mills.
197. Sept. 19, 1924.—To A. R. Kinney (Nebraska Consolidated Milling Co.) from the secretary of the Millers' National Federation regarding price cutting by Duluth Imperial Mills.
198. Apr. 26, 1924.—Bulletin No. 368 of the Nebraska Millers' Association, regarding the Kansas City meeting where prices were discussed.
199. Oct. 15, 1924.—To Millers' National Federation from Edward H. Causey (Modern Miller's Washington, D. C. correspondent) regarding employment by Millers' National Federation.
200. Oct. 17, 1924.—To E. H. Causey (Modern Miller's Washington correspondent) from secretary of the Millers' National Federation, stating that Causey's services will not be needed because the Federation's president is located in Washington.
201. May 27, 1924.—To E. H. Causey (Modern Miller's Washington correspondent) from the secretary of the Millers' National Federation, stating that Causey's services will not be needed after May 31, because Congress would soon adjourn.
202. Apr. 16, 1924.—To Millers' National Federation from C. M. Yager, editor of Modern Miller, Chicago, Ill., as to reports to the Federal Trade Commission that the Modern Miller had knowledge of a combine.
203. Jan. 31, 1924.—E. H. Causey (Modern Miller's Washington correspondent) from the secretary of the Millers' National Federation regarding payment by the Millers' National Federation of \$50 to Mr. Causey for services to the committee on legislation during January, 1924.
204. Jan. 2, 1924.—To Millers' National Federation from E. H. Causey (Modern Miller's Washington correspondent) acknowledging receipt of \$50.

205. July 21, 1924.—To the Millers' National Federation from Samuel Plant, vice-president of the George P. Plant Milling Co., regarding limiting bookings to 60 days and securing profit on every sale.
206. July 19, 1924.—To Samuel Plant (of the George P. Plant Milling Co.) from E. S. Wagner (of the Millers' National Federation) regarding limiting bookings to 60 days and securing a profit on every sale.
207. Feb. 13, 1924.—To Millers' National Federation from Samuel Plant (of the George P. Plant Milling Co.) regarding long-time selling.
208. Feb. 14, 1924.—To Samuel Plant (of the George P. Plant Milling Co.) from the secretary of the Millers' National Federation regarding long-time selling.
209. Feb. 12, 1924.—To Samuel Plant (of the George P. Plant Milling Co.) from the secretary of the Millers' National Federation, regarding long-time selling.
210. Oct. 10, 1924.—To A. C. Loring of the Pillsbury Flour Mills Co. from the President of the Millers' National Federation (Sydney Anderson) regarding competitive practices of the Pillsbury Flour Mills Co.
211. Apr. 28, 1924.—To Millers' National Federation from A. C. Loring, president of the Pillsbury Flour Mills Co., regarding proposed new reorganization of the Millers' National Federation.
212. Apr. 29, 1924.—To A. C. Loring, of the Pillsbury Flour Mills Co., from the secretary of the Millers' National Federation regarding Mr. Rogers (attorney for the Federation) passing on Federation Bulletin No. 325.
213. Apr. 26, 1924.—To Millers' National Federation from A. C. Loring (of the Pillsbury Flour Mills Co.) regarding the need of the services of some man in Washington big enough to get a hearing and deal with the various Government departments.
214. Jan. 2, 1924.—To the Millers' National Federation from A. C. Loring (of the Pillsbury Flour Mills Co.) suggesting that success depended on getting Mr. Walker (Standard Milling Co.), Mr. Helm (Russell-Miller Milling Co.) and Mr. Bell (Washburn-Crosby Co.) to attend the meeting to be held on January 15, 1924.
215. July 7, 1924.—To Millers' National Federation from Oklahoma Millers' League regarding carrying charges.
216. July 9, 1924.—To Oklahoma Millers' League from E. S. Wagner, regarding carrying charges.
217. Jan. 9, 1924.—To the Millers' National Federation from H. S. Helm (Russell-Miller Milling Co.) regarding meeting to be held January 15, 1924.
218. Jan. 10, 1924.—To H. S. Helm (Russell-Miller Milling Co.) from the secretary of the Millers' National Federation regarding the meeting of January 15, 1924.
219. Jan. 4, 1924.—To H. S. Helm (Russell-Miller Milling Co.) from the secretary of the Millers' National Federation regarding the meeting of January 15, 1924.
220. Jan. 30, 1924.—To Millers' National Federation from B. J. Rothwell (on letterhead of Bay State Milling Co., Boston, Mass., office) regarding taking up with the Federal Trade Commission the open-price plan.
221. Jan. 28, 1924.—To B. J. Rothwell (of the Bay State Milling Co.) from the secretary of the Millers' National Federation, reporting having called on a friend of Mr. Rogers (attorney for the Federation) at the Federal Trade Commission to discuss open-price plan.
222. Mar. 15, 1924.—To A. P. Husband, secretary of the Millers' National Federation, from C. L. Roos (president of the Federation, of the Hunter Milling Co.), regarding a meeting in Wichita on March 14, on the A-B-C plan, etc.
223. Mar. 4, 1924.—To Charles E. Roos (Hunter Milling Co.) from J. F. Bell (Washburn Crosby Co.) regarding employment of Sydney Anderson.
224. Feb. 7, 1924.—To C. L. Roos (Hunter Milling Co.) from E. S. Wagner of the Millers' National Federation regarding the meeting of the Wisconsin State Millers' Association on high prices.
225. Jan. 28, 1924.—To C. L. Roos (Hunter Milling Co.) from the secretary of the Millers' National Federation regarding visit to the Federal Trade Commission and stating that he would explain this to Mr. Roos when he saw him.
226. Jan. 22, 1924.—To C. L. Roos (Hunter Milling Co.) from B. Stockman (Duluth Superior Milling Co.) regarding price fixing on feed.

227. Jan. 22, 1924.—To C. L. Roos (Hunter Milling Co.) from B. Stockman (Duluth Superior Milling Co.) regarding the president of the company being at the January 15, 1924 meeting.

228. Jan. 19, 1924.—To A. P. Husband, secretary of the Millers' National Federation, from C. L. Roos (Hunter Milling Co.) regarding meeting of January 15 1924.

229. Jan. 17, 1924.—To C. L. Roos (Hunter Milling Co.) from B. Stockman (Duluth Superior Milling Co.) regarding getting rid of price cutting on Semolina.

230. Jan. 17, 1924.—To C. L. Roos (Hunter Milling Co.) from the secretary of the Millers' National Federation regarding the fact that Mr. Rogers (Attorney for the Federation) had an attorney friend at the Federal Trade Commission.

231. Jan. 4, 1924.—To C. L. Roos (Hunter Milling Co.) from A. P. Husband, secretary of the Millers' National Federation, regarding importance of A. P. Walker (Standard Milling Co.) attending the January 15, 1924 meeting, as well as Mr. Bell (Washburn Crosby) Mr. Loring (Pillsbury Flour Mills Co.) and Mr. Harry Helm (Russell-Miller Milling Co.).

232. July 31, 1924.—To H. G. Randall (Midland Flour Milling Co.) regarding circular letter to 17 regional directors.

NOTE.—The letters below numbered from 233 to 338 inclusive are on the subject of establishing uniform package differentials and were secured from a folder marked "package differentials." Mr. C. T. Olson of the Commander Mill Co. is chairman of the committee on package differentials of the Millers' National Federation.

233. Dec. 31, 1923 to J. B. McLemore, secretary of the Southeastern Millers' Association, from C. T. Olson.

234. Jan. 12, 1924 to Millers' National Federation from C. T. Olson.

235. Jan. 12, 1924 to Texas Star Flour Mills from C. T. Olson.

236. Jan. 21, 1924 to C. T. Olson from H. H. Whiting, of the Pillsbury Flour Mills Co.

237. Jan. 21, 1924 to George A. Zabriskie, New York, from the Pillsbury Flour Mills Co.

238. Jan. 19, 1924 to Mr. Whiting of the Pillsbury Flour Mills Co. from C. T. Olson.

239. Jan. 15, 1924 to Millers' National Federation from the Texas Star Flour Mills.

240. Jan. 22, 1924 to Wolff Milling Co. from C. T. Olson.

241. Jan. 19, 1924 to Millers' National Federation from Wolff Milling Co.

242. Jan. 21, 1924 to Millers' National Federation from the Wisconsin Milling Co.

243. Jan. 22, 1924 to Wisconsin Milling Co. from E. S. Wagner of the Millers' National Federation.

244. Jan. 22, 1924 to the Russell-Miller Milling Co. from E. S. Wagner of the Millers' National Federation.

245. Jan. 23, 1924 to Millers' National Federation from the Russell-Miller Milling Co.

246. Jan. 24, 1924.—To Wisconsin Milling Co. from E. S. Wagner of the Millers' National Federation.

247. Jan. 25, 1924.—To Millers' National Federation from the Wisconsin Milling Co.

248. Jan. 28, 1924.—To the Wisconsin Milling Co. from the secretary of the Millers' National Federation.

249. Jan. 16, 1924.—To the Globe Grain & Milling Co. from C. T. Olson.

250. Jan. 8, 1924.—To Millers' National Federation from the Globe Grain & Milling Co.

251. Jan. 12, 1924.—To the Globe Grain & Milling Co. from the secretary of the Millers' National Federation.

252. Jan. 31, 1924.—To the Millers' National Federation from C. T. Olson.

253. Jan. 31, 1924.—To the Pillsbury Flour Mills Co. from C. T. Olson.

253-a. Jan. 28, 1924.—To H. H. Whiting (of the Pillsbury Flour Mills Co.), from A. P. Walker, president of the Standard Milling Co.

254. Jan. 30, 1924.—To C. T. Olson from H. H. Whiting (of the Pillsbury Flour Mills Co.)

255. Feb. 1, 1924.—To C. T. Olson from the secretary of the Millers' National Federation.

256. Mar. 13, 1924.—To the committee on package differentials of the Millers' National Federation, from C. T. Olson.

257. Mar. 22, 1924.—To Millers' National Federation from C. T. Olson.

258. Undated copy of corrected schedule of package differentials.

259. Mar. 22, 1924.—To J. B. McLemore, secretary of the Southeastern Millers' Association, from C. T. Olson.

260. Mar. 17, 1924.—To C. T. Olson from J. B. McLemore, secretary of the Southeastern Millers' Association.

261. Mar. 24, 1924.—To C. T. Olson from the secretary of the Millers' National Federation.

262. Mar. 26, 1924.—To Edgar H. Evans (of the Acme-Evans Co.) from C. T. Olson.

263. Mar. 20, 1924.—To T. C. Olson, from W. C. Tiffany, secretary of the North Pacific Millers' Association.

264. Mar. 19, 1924.—To J. B. McLemore, secretary of the Southeastern Millers' Association, from Edgar H. Evans of the Acme-Evans Co.

265. Mar. 17, 1924.—To C. T. Olson, from Bernet, Craft and Kauffman, by M. R. H.

266. Mar. 17, 1924.—To C. T. Olson from G. Amendt, of the Amendt Milling Co.

267. Mar. 15, 1924.—To C. T. Olson from J. L. Grigg of the Eagle Milling Co.

268. Mar. 15, 1924.—To C. T. Olson from W. B. A. of the Acme Mills, Hopkinsville, Ky.

269. Mar. 31, 1924.—To J. B. McLemore (secretary of the Southeastern Millers' Association) from C. T. Olson.

270. Mar. 25, 1924.—To C. T. Olson from J. B. McLemore, secretary of the Southeastern Millers' Association.

271. Apr. 3, 1924.—To C. T. Olson from the secretary of the Millers' National Federation.

272. Apr. 4, 1924.—To the Nebraska Consolidated Mills Co. from C. T. Olson.

273. Apr. 1, 1924.—To A. P. Husband (secretary of the Millers' National Federation) from A. R. Kinney of the Nebraska Consolidated Mills Co.

274. Apr. 1, 1924.—To the Millers' National Federation from F. A. Glade of the Nebraska Consolidated Mills Co.

275. Apr. 7, 1924.—To C. T. Olson from the secretary of the Millers' National Federation.

276. Apr. 22, 1924.—To the Millers' National Federation from the Wolff Milling Co.

277. July 22, 1924.—To Texas State Flour Mills, from C. T. Olson.

278. July 14, 1924.—To C. T. Olson from Texas Flour Mills.

279. Aug. 22, 1924.—To the Montana Flour Mills Co. from C. T. Olson.

280. Aug. 22, 1924.—To H. H. King Flour Mills Co. from C. T. Olson.

281. Aug. 19, 1924.—To C. T. Olson from H. H. King Flour Mills Co.

282. Aug. 23, 1924.—To C. T. Olson from secretary of the Millers' National Federation.

283. Aug. 30, 1924.—To Texas Star Flour Mills, from C. T. Olson.

284. Aug. 30, 1924.—To the Pillsbury Flour Mills Co. from C. T. Olson.

285. Sept. 6, 1924.—To the Millers' National Federation from C. T. Olson.

286. Sept. 6, 1924.—To Texas Star Flour Mills from C. T. Olson.

287. Sept. 8, 1924.—To Hecker-Jones-Jewell Milling Co. from C. T. Olson.

288. Sept. 9, 1924.—To C. T. Olson from the secretary of the Millers' National Federation.

289. Sept. 4, 1924.—To John S. Pillsbury (of the Pillsbury Flour Mills Co.) from C. T. Olson.

290. Sept. 4, 1924.—To Texas Star Flour Mills from C. T. Olson.

291. Oct. 15, 1925.—To Texas Star Flour Mills from C. T. Olson.

292. Oct. 16, 1924.—To C. T. Olson from secretary of the Millers' National Federation.

293. Oct. 28, 1924.—To J. B. McLemore of the Southeastern Mills Association, from C. T. Olson.

294. Nov. 6, 1924.—To North Pacific Millers' Association from C. T. Olson.

295. Oct. 31, 1924.—To C. T. Olson from North Pacific Millers' Association, written by W. C. Tiffany, secretary.

296. List of package differentials which was attached to letter 295 above.

297. November 1, 1924.—To C. T. Olson from M. E. Humphrey (of the Chickasha Milling Co.)

298. Oct. 31, 1924.—To Millers' National Federation from Edgar H. Evans (Acme-Evans Co.)
299. Oct. 30, 1924.—To C. T. Olson from J. L. Grigg of the Eagle Milling Co.
300. Oct. 31, 1924.—To the Millers' National Federation from G. Amendt (of the Amendt Milling Co.)
301. Nov. 3, 1924.—To C. T. Olson from J. B. McLemore, secretary of the Southeastern Millers' Association.
302. Nov. 6, 1924.—To John S. Pillsbury (of the Pillsbury Flour Mills Co.) from C. T. Olson.
303. Nov. 6, 1924.—To Tennant & Hoyt, from C. T. Olson.
304. Nov. 7, 1924.—To C. T. Olson from E. S. Wagner of the Millers' National Federation.
305. Nov. 11, 1924.—To Miner-Hilliard Milling Co. from C. T. Olson.
306. Nov. 15, 1924.—To C. T. Olson from E. S. Wagner of the Millers' National Federation.
307. Nov. 17, 1924.—To George P. Plant Milling Co. from C. T. Olson.
308. Nov. 14, 1924.—To the Millers' National Federation from Samuel Plant (of the George P. Plant Milling Co.)
309. Nov. 17, 1924.—To C. T. Olson from E. S. Wagner of the Millers' National Federation.
310. Nov. 18, 1924.—To Eagle Roller Mill Co. from C. T. Olson.
311. Nov. 14, 1924.—To the Millers' National Federation from the Eagle Roller Mill Co.
312. Nov. 20, 1924.—To Millers' National Federation, from C. T. Olson.
313. Nov. 21, 1924.—To C. T. Olson from E. S. Wagner, of the Millers' National Federation.
314. Nov. 22, 1924.—To the Millers' National Federation from C. T. Olson.
315. Nov. 18, 1924.—To C. T. Olson, from the North Pacific Millers' Association, by W. C. Tiffany, secretary.
316. Nov. 18, 1924.—To C. T. Olson from the Minor-Hilliard Milling Co.
317. Nov. 22, 1924.—To the Minor-Hilliard Milling Co. from C. T. Olson.
318. Nov. 22, 1924.—To H. H. Whiting (of the Pillsbury Flour Mills Co.) from C. T. Olson.
319. Nov. 22, 1924.—To Texas Star Flour Mills Co. from C. T. Olson.
320. Nov. 18, 1924.—To C. T. Olson from the Texas Star Flour Mills Co.
321. Nov. 24, 1924.—To C. T. Olson from the secretary of the Millers' National Federation.
322. Nov. 24, 1924.—To George S. Milnor (of the Sparks Milling Co.) from C. T. Olson.
323. Nov. 21, 1924.—To C. T. Olson from George S. Milner (of the Sparks Milling Co.).
324. Nov. 28, 1924.—To L. P. Baumann of the Centennial Mill Co. from C. T. Olson.
325. Nov. 24, 1924.—To C. T. Olson from L. P. Baumann (of the Centennial Mill Co.).
326. Nov. 28, 1924.—To M. E. Humphrey, Chickasha Milling Co., from C. T. Olson.
327. Nov. 24, 1924.—To C. T. Olson from M. E. Humphrey (of the Chickasha Milling Co.).
328. Nov. 29, 1924.—To C. T. Olson from the secretary of the Millers' National Federation.
329. Nov. 20, 1924.—To Louis Baumann of the Centennial Mill Co. from C. T. Olson.
330. Dec. 9, 1924.—To W. C. Tiffany (of the North Pacific Millers' Association) from C. T. Olson.
331. Dec. 2, 1924.—To C. T. Olson from W. C. Tiffany (of the North Pacific Millers' Association).
332. Dec. 10, 1924.—To C. T. Olson from the secretary of the Millers' National Federation.
333. Jan. 10, 1925.—To H. H. Whiting (of the Pillsbury Flour Mills Co.) from C. T. Olson.
334. Jan. 10, 1925.—To the Eagle Roller Mills, from C. T. Olson.
335. Jan. 15, 1925.—To the Centennial Mill Co. from C. T. Olson.
336. Jan. 10, 1925.—To the Millers' National Federation from the Centennial Mill Co.
337. Jan. 14, 1925.—To the Centennial Mill Co. from the secretary of the Millers' National Federation.

338. Jan. 16, 1925.—To C. T. Olson from the secretary of the Millers' National Federation.
- Note.—Letter No. 338 above ends letters selected from the package differentials folder. See note immediately preceding letter No. 233 above.
1. Jan. 28, 1925.—To A. P. Husband from H. L. Beecher of the Eagle Roller Mill Co.
2. Jan. 20, 1925.—To Aunt Jemima Mills Co. from the Omaha Flour Mills Co.
3. Jan. 22, 1925.—To the Omaha Flour Mills Co. from Robert R. Clark of the Aunt Jemima Mills Co.
4. Jan. 22, 1925.—To Maney Milling Co. from Robert R. Clark of the Aunt Jemima Mills Co.
5. (Copy.) Jan. 20, 1925.—To Aunt Jemima Mills Co. from Maney Milling Co.
6. Jan. 5, 1925.—To H. L. Beecher of the Eagle Roller Mill Co. from the Omaha Flour Mills Co.
7. Jan. 7, 1925.—To the Millers' National Federation from J. K. Mullen of the Colorado Milling & Elevator Co.
8. Jan. 10, 1925.—To J. K. Mullen of the Colorado Milling & Elevator Co. from A. P. Husband.
9. Jan. 23, 1925.—To G. A. Breaux (of Ballard & Ballard Co) from secretary A. P. Husband.
10. Jan. 17, 1925.—To Millers' National Federation from R. C. Sowden of the New Era Milling Co.
11. Jan. 16, 1925.—To Millers' National Federation from the Washburn Crosby Co.
12. Jan. 13, 1925.—To Millers' National Federation from the Washburn Crosby Co.
13. Jan. 15, 1925.—To Washburn Crosby Co. from Millers' National Federation.
14. Feb. 7, 1925.—To Stannard-Tilton Milling Co. from the secretary of the Millers' National Federation.
15. Jan. 21, 1925.—To Millers' National Federation from Stannard-Tilton Milling Co.
16. Jan. 22, 1925.—To the Stannard-Tilton Milling Co. from the secretary of the Millers' National Federation.
17. Jan. 6, 1925.—To the Millers' National Federation from the Northwestern Miller.
18. Dec. 26, 1924.—To the Northwestern Miller from Dundas Brothers Co.
19. Jan. 7, 1925.—To Dundas Bros. Co. Inc., from the secretary of the Millers' National Federation.
20. Jan. 24, 1925.—To the Millers' National Federation from the King Midas Mills Co.
21. Jan. 26, 1925.—To King Midas Milling Co. from the secretary of the Millers' National Federation.
22. Dec. 26, 1924.—To the Millers' National Federation from Fred J. Lingham of the Federal Mill & Elevator Co. Inc.
23. Dec. 29, 1924.—To Fred J. Lingham of the Federal Mill & Elevator Co. Inc. from the secretary of the Millers' National Federation.
24. Jan. 14, 1925.—To Fred J. Lingham of the Federal Mill & Elevator Co. from the secretary of the Millers' National Federation.
25. Dec. 29, 1924.—To Millers of Kansas and Oklahoma from the secretary of the Millers' National Federation.
26. Dec. 30, 1924.—To Millers' National Federation from Kansas Flour Mills Co.
27. Dec. 30, 1924.—To the Millers' National Federation from J. C. Lysle Milling Co.
28. Dec. 31, 1924.—To the Millers' National Federation from the Concordia Milling Co.
29. Dec. 31, 1924.—To the Millers' National Federation from the Topeka Flour Mills Co.
30. Dec. 31, 1924.—To Millers' National Federation from Goerz Flour Mills Co.
31. Dec. 31, 1924.—To Millers' National Federation from El Reno Mill & Elevator Co.
32. Dec. 30, 1924.—To A. P. Husband, secretary Millers' National Federation from the Manhattan Milling Co.

33. Dec. 31, 1924.—To the Millers' National Federation from the Lyons Milling Co.
34. Dec. 30, 1924.—To the Millers' National Federation from the Midland Flour Milling Co.
35. Dec. 31, 1924.—To Millers' National Federation from the Kansas Milling Co.
36. Dec. 31, 1924.—To the Millers' National Federation from the H. D. Lee Flour Mills Co.
37. Dec. 31, 1924.—To Millers' National Federation from William Kelly Milling Co.
38. Dec. 31, 1924.—To Millers' National Federation from the Buhler Mill & Elevator Co.
39. Dec. 31, 1924.—To the Millers' National Federation from the Arkansas City Milling Co.
40. Jan. 1, 1924.—To the Millers' National Federation from the Oklahoma City Mill & Elevator Co. (This letter was stamped as received by the Millers' National Federation on January 5, 1925, so it is evident that the date, 1924, at the head of the letter is a mistake through inadvertance.)
41. Jan. 16, 1925.—To the Millers' National Federation from Fred J. Lingham of the Federal Mill & Elevator Co. Inc.
42. Jan. 21, 1925.—To A. P. Husband from Fred J. Lingham of the Federal Mill & Elevator Co. Inc.
43. Jan. 19, 1925.—To the Millers' National Federation from the Lindsborg Milling & Elevator Co.
44. Jan. 17, 1925.—To the Millers' National Federation from the Lindsborg Milling & Elevator Co.
45. Jan. 19, 1925.—To Lindsborg Milling & Elevator Co. from the Millers' National Federation.
46. Jan. 22, 1925.—To Lindsborg Milling & Elevator Co. from the Millers' National Federation.
47. Jan. 24, 1925.—To the Millers' National Federation from Lindsborg Milling & Elevator Co.
48. Jan. 26, 1925.—To Lindsborg Milling & Elevator Co. from the Millers' National Federation.
49. Jan. 20, 1925.—To Millers' National Federation from the Kansas Milling Co.
50. Jan. 22, 1925.—To the Kansas Milling Co. from secretary of the Millers' National Federation.

EXHIBIT II

SCHEDULE FORM FOR REPORTS ON COSTS, INVESTMENT, AND PROFITS OF COMMERCIAL WHEAT FLOUR MILLING

FEDERAL TRADE COMMISSION,
Washington, March 1926.

Gentlemen: The Federal Trade Commission appreciates the spirit of cooperation shown by your company in furnishing information on costs and profits for the years 1919-1922, inclusive.

The Commission, as directed by Senate Resolution No. 163, a copy of which is enclosed, is now engaged in an investigation of wheat milling costs and profits for the years 1923 and 1924.

A report form is being sent you for the purpose of bringing the information down to date. Two copies of this form are being sent, one copy to be filled out and returned to the Commission, the other to be retained by you.

The Commission requests that you furnish the information called for to the best of your ability, adding any necessary explanatory notes that will facilitate the compilation of the data. In case of any difficulty in filling out this form, please bring the matter promptly to the attention of the Commission.

An official addressed envelope, requiring no postage, is enclosed for your convenience in transmitting your reply.

Very truly yours,

Secretary.

Encl.

May 1925.

FLOUR MILLING: COSTS AND PROFITS

Gentlemen: This is to remind you that the information asked for on costs and profits of millers of commercial wheat flour, the report form for which was sent to you some time ago, has not yet been received from your company. The report called for on this form was requested pursuant to United States Senate Resolution No. 163, 68th Congress, 1st Session.

The interest of this office in asking you and more than 1,000 other millers to go to the trouble of filling out the schedule is due to the importance of having information from a large number of milling companies throughout the country, including both small and large companies, in order that the data collected may represent adequately recent conditions in the milling industry. To accomplish this it will be necessary, of course, that this office receive the cooperation of the milling companies in filling out the schedules from their records, as the Commission does not have a large enough force of employees to secure the data directly from the books of such a large number of milling companies.

In case you need additional copies of the schedule, please advise this office, and they will be furnished.

Your early consideration of this matter will be much appreciated.

Very truly yours,

FEDERAL TRADE COMMISSION,

Chief Economist.

F. T. C. SCHEDULE No. -----

FEDERAL TRADE COMMISSION

REPORT FOR
MILLERS OF
COMMERCIAL WHEAT FLOUR

Please fill out and mail this Report to the Federal Trade Commission, Washington, D. C., at your earliest convenience

(Full name of reporting company)

(Address of principal office)

68th CONGRESS
1st Session

S. RES. 163

IN THE SENATE OF THE UNITED STATES

February 16, 1924

Mr. LA FOLLETTE submitted the following resolution; which was considered, modified, and agreed to; preamble stricken out.

RESOLUTION

Resolved, That the Federal Trade Commission be, and it is hereby, directed to investigate the production, distribution, transportation, and sale of flour and bread, including by-products, and report its findings in full to the Senate, showing the costs, prices, and profits at each stage of the process of production, and distribution, from the time the wheat leaves the farm until the bread is delivered to the consumer; the extent and methods of price fixing, price maintenance, and price discrimination; the developments in the direction of monopoly and concentration of control in the milling and baking industries, and all evidence indicating the existence of agreements, conspiracies, or combinations in restraint of trade.

SHEET 1
Schedule No.

EXPLANATIONS AND INSTRUCTIONS

I. WHEAT FLOUR AND WHEAT FEED COSTS

1. Costs:

Costs are required for Wheat Flour and Wheat Feed *only*.

2. Packages:

Cost of Wheat Flour and Wheat Feed packages should be shown separately as noted on cost sheets. If records do not show actual figures for each, estimated amounts should be filled in, the total of both amounts agreeing with total charge to packages. (See sheet 5, lines 27 and 31.)

3. Milling and Mill Elevator Expenses:

Should include expenses for heat, light, power, repairs, maintenance, laboratory, testing, supplies, etc., to mill and mill elevators. (See sheet 5, lines 15 and 16.)

Taxes, rental of mills, insurance and interest should not be considered as milling expense; taxes and insurance being included under general and administrative expenses and rental and interest under additions or deductions from income. (See sheet 6, lines 5, 11, 22, 23 and 26.)

Do you separate your costs for wheat flour and feed from other products manufactured? Answer: -----

Do you apportion overhead expense between the different products, i. e., wheat, coarse grains, and cereals? Answer: -----

Yearly production of all flours from all grains:

| Business year ending— | Barrels | |
|------------------------|-------------|-------------|
| | -----, 1923 | -----, 1924 |
| Wheat flour..... | | |
| Rye flour..... | | |
| Corn flour..... | | |
| Barley flour..... | | |
| All other flour..... | | |
| Total, all flours..... | | |

SHEET 2.
Schedule No.

II. RECEIPTS FROM SALES, ETC.

Wheat Flour and Wheat Offal sales should be reported separately as noted on sheets. Sales are to be reported net, i. e., less freight, allowances, and returns. If company's records do not show sales of wheat flour and offal separately, carefully estimated amounts should be filled in, the total of both amounts agreeing with the total credit to sales. (See sheet 5, line 22 and sheet 6, line 1.)

If your company maintains a jobbing department, and the profit (or loss) of said jobbing department is the result of jobbing coarse grain flours and feeds in addition to wheat flour and feed, then you are requested to apportion such profit equitably between the wheat and other grain products. (See sheet 6, lines 18 and 19.)

If your company maintains line elevators and the profit (or loss) of such elevators is the result of handling other grains in addition to wheat, then you are requested to estimate the proportion of such profits derived from handling each i. e., wheat and other grains. (See sheet 6, lines 20 and 21.)

III. COSTS AND INCOME STATEMENTS

If your company has two or more mills and you do not make a combined cost sheet and income account for all of the mills, then costs sheets and income accounts for each mill may be furnished.

The total income from the several mills so reported should agree with that shown by your company's combined income account.

Blank forms, as required, for additional mills will be mailed upon request.

FEDERAL TRADE COMMISSION,
Commercial Wheat Flour Milling.SHEET 3
Schedule No.

Balance sheets as at end of company's business, years 1923 and 1924

| Business year ending (specify date) |, 1923 |, 1924 |
|----------------------------------------------------------------|-------------|-------------|
| ASSETS | | |
| Current assets: | \$ | \$ |
| 1. Cash on hand and in bank | | |
| 2. Accounts receivable—current | | |
| 3. Notes receivable—current | | |
| 4. Inventories | | |
| 5. Total current assets | | |
| 6. Less reserve for doubtful accounts | | |
| 7. Net current assets | | |
| Deferred charges: | | |
| 8. Insurance paid in advance | | |
| Other advance payments (specify) — | | |
| 9. | | |
| 10. | | |
| 11. | | |
| 12. Estimated gain on unfilled contracts and open trades | | |
| 13. Milling in transit | | |
| 14. Intercompany accounts, notes and loans receivable | | |
| Investments: | | |
| 15. Stocks and bonds in other companies | | |
| 16. Membership in exchanges, etc. | | |
| 17. Life insurance policies | | |
| 18. Federal securities | | |
| 19. | | |
| 20. | | |
| 21. | | |
| 22. | | |
| 23. Total investments | | |
| Fixed assets: | | |
| 24. Land, buildings, machinery, fixtures and equipment | | |
| 25. Less reserve for depreciation | | |
| 26. Net fixed assets | | |
| 27. Water-power rights | | |
| 28. Trade-marks, brands, etc. | | |
| 29. Good will | | |
| Other assets (specify): | | |
| 30. | | |
| 31. | | |
| 32. | | |
| 33. Total assets ¹ | | |

¹ Give amount of appreciation, excluding outside investments, end of each year.

FEDERAL TRADE COMMISSION,
Commercial Wheat Flour Milling.SHEET 4
Schedule No.

Balance sheets as at end of company's business years 1923 and 1924

| Business year ending (specify date) |, 1923 |, 1924 |
|--------------------------------------------------------------|-------------|-------------|
| LIABILITIES | | |
| Current liabilities: | | |
| 1. Accounts payable—current..... | | |
| 2. Notes and loans payable..... | | |
| Accrued liabilities: | | |
| 3. Taxes (except Federal)..... | | |
| 4. Interest..... | | |
| 5. Intercompany accounts, notes and loans payable..... | | |
| 6. Estimated loss on unfilled contracts and open trades..... | | |
| 7. Bonds and mortgages..... | | |
| 8. Dividends declared but not paid..... | | |
| 9. Reserves (except doubtful accounts and depreciation)..... | | |
| 10. Federal taxes..... | | |
| Other (specify below):..... | | |
| 11. | | |
| 12. | | |
| 13. | | |
| 14. | | |
| 15. | | |
| 16. | | |
| Capital: | | |
| 17. Individual or partnership..... | | |
| 18. Preferred stock..... | | |
| 19. Common stock..... | | |
| 20. Surplus..... | | |
| 21. Total liabilities..... | | |

FEDERAL TRADE COMMISSION,
Commercial Wheat Flour Milling.SHEET 5
Schedule No.

Wheat and wheat flour costs—Business years 1923 and 1924

| For company's business year ending |, 1923 | | | |, 1924 | | | |
|-------------------------------------------------------------------------------------------------------|-------------|-----------|---------|--------------------------|-------------|-----------|---------|--------------------------|
| Item | Quantity | Unit cost | Amount | Cost per barrel produced | Quantity | Unit cost | Amount | Cost per barrel produced |
| 1. Wheat inventory at beginning of business year..... bushels..... | | | \$..... | xxx | | | \$..... | xxx |
| 2. Wheat purchased during the year.....do..... | | | xxx | xxx | | | xxx | xxx |
| 3. Total (lines 1 and 2).....do..... | | | xxx | xxx | | | xxx | xxx |
| 4. Wheat sold during year.....do..... | | | xxx | xxx | | | xxx | xxx |
| 5. Wheat used in other than wheat flour department..... bushels..... | | | xxx | xxx | | | xxx | xxx |
| 6. Wheat inventory at end of business year..... bushels..... | | | xxx | xxx | | | xxx | xxx |
| 7. Total (lines 4, 5, and 6).....do..... | | | xxx | xxx | | | xxx | xxx |
| 8. Wheat ground (including screenings), (line 3, less 7)..... bushels..... | | | | | | | | |
| 9. Net wheat ground (excluding screenings)..... bushels..... | | | | | | | | |
| 10. Options (gain or loss, if any)..... | xxx | xxx | | | xxx | xxx | | |
| 11. Net wheat cost (lines 9 and 10)..... bushels..... | | | | | | | | |
| 12. Self-rising ingredients used (if any)..... pounds..... | | | | | | | | |
| 13. Total materials cost (lines 11 and 12)..... | xxx | xxx | | | xxx | xxx | | |
| 14. Milling expenses (including mill elevator): | | | | | | | | |
| 15. Labor..... | xxx | xxx | | | xxx | xxx | | |
| 16. All other expense (see instructions, sheet 1)..... | xxx | xxx | | | xxx | xxx | | |
| 17. Total milling expense..... | xxx | xxx | | | xxx | xxx | | |
| 18. Total material and milling cost (lines 13 and 17)..... | xxx | xxx | | | xxx | xxx | | |
| 19. Depreciation charged to wheat flour department..... | xxx | xxx | | | xxx | xxx | | |
| 20. Total mill production cost—Flour and offal (lines 18 and 19)..... | xxx | xxx | | | xxx | xxx | | |
| 21. Offal (including screenings) inventory at end of business year..... tons..... | | | xxx | | | | xxx | |
| 22. Offal (including screenings) sales, and transfers to other departments during year..... tons..... | | | xxx | | | | xxx | |
| 23. Total (lines 21 and 22).....do..... | | | xxx | | | | xxx | |
| 24. Offal (including screenings) inventory beginning of business year..... tons..... | | | xxx | | | | xxx | |
| 25. Offal (including screenings) purchased during year.....do..... | | | xxx | | | | xxx | |
| 26. Screenings transferred from wheat to offal during year (if any) (line 8, less 9)..... tons..... | | | xxx | | | | xxx | |
| 27. Feed packages used during year..... | xxx | xxx | | | xxx | xxx | | |
| 28. Total (lines 24 to 27, inclusive)..... tons..... | | | xxx | | | | xxx | |
| 29. Net offal credit (line 23, less 28).....do..... | | | | | | | | |
| 30. Mill cost of bulk flour produced (line 20, less 29)..... barrels..... | | xxx | | | | xxx | | |
| 31. Flour packages used during year.....do..... | xxx | xxx | | | xxx | xxx | | |
| 32. Total mill cost of flour produced (lines 30 and 31)..... barrels..... | | xxx | | | | xxx | | |
| 33. Flour inventory beginning of business year..... barrels..... | | | xxx | | | | xxx | |
| 34. Flour purchased during year.....do..... | | | xxx | | | | xxx | |
| 35. Total cost of flour supply (lines 32, 33, and 34)..... barrels..... | | | xxx | | | | xxx | |
| 36. Flour inventory at end of business year..... barrels..... | | | xxx | | | | xxx | |
| 37. Net mill cost of flour sold (line 35, less 36)..... barrels..... | | xxx | | (1) | | xxx | | (1) |

NOTE. Please fill in quantities wherever called for. Spaces marked xxx require no figures.
 (1) Cost per barrel sold.

SHEET 6
Schedule No.

Profit and loss statement, business years 1923 and 1924

| For Company's business years ending..... | 1923 | 1924 |
|-----------------------------------------------------------------------------------|------|------|
| Number of mills covered in each year..... | | |
| Number of barrels of flour sold in each year..... | | |
| 1. Net flour sales (less freight, allowances and returns)..... | \$ | \$ |
| 2. Cost of flour sales (line 37, sheet 5)..... | | |
| 3. Mill profit on flour sold (line 1 less 2)..... | | |
| Less: 4. General and administrative expenses: | | |
| 5. All other general expenses (including bonus, if any)..... | | |
| 6. Total general and administrative expenses (lines 4 and 5)..... | | |
| 7. Less: Selling expense: 1..... | | |
| 8. Total general and selling expenses (lines 6 and 7)..... | | |
| 9. Total commercial profit from flour milling (line 3 less 8)..... | | |
| Additions to (or deductions from) income: | | |
| 10. Income from securities and outside investments..... | | |
| 11. Interest received..... | | |
| 12. Discounts received on purchases..... | | |
| 13. Estimated gains or losses on unfilled contracts—wheat milling department..... | | |
| 14. Estimated gains or losses on unfilled contracts—all other departments..... | | |
| 15. Estimated gains or losses on open trades—wheat department..... | | |
| 16. Estimated gains or losses on open trades—all other departments..... | | |
| 17. Profit or loss from coarse grains, cereals, and specialties..... | | |
| 18. Profit or loss from jobbing—wheat flour and feed proportion..... | | |
| 19. Profit or loss from jobbing—other departments proportion..... | | |
| 20. Profit or loss from line elevators—wheat proportion..... | | |
| 21. Profit or loss from line elevators—other grains proportion..... | | |
| 22. Interest paid or accrued on bonds and mortgages..... | | |
| 23. Interest paid or accrued on notes and borrowed money..... | | |
| 24. Cash discounts allowed..... | | |
| 25. Life insurance premiums paid..... | | |
| 26. Rental of mills..... | | |
| 27. Bad debts charged off or reserve created..... | | |
| 28. Other additions or deductions (itemize)..... | | |
| 29..... | | |
| 30..... | | |
| 31. Total (lines 10 to 30, inclusive)..... | | |
| 32. Net income for year (lines 9 and 31)..... | | |

¹ Including salesmen's salaries and expenses, commissions, branch office, agency, advertising, and all other selling expenses.

SHEET 7
Schedule No.

Details of surplus account, business years 1923 and 1924

| For company's business year ending..... |, 1923 |, 1924 |
|-----------------------------------------------------------------------------------|-------------|-------------|
| 1. Surplus at beginning of year..... | \$ | \$ |
| 2. Net income for year as per profit and loss account (see sheet 6, line 32)..... | | |
| 3. Total..... | | |
| Additions to surplus (specify): | | |
| 4. | | |
| 5. | | |
| 6. | | |
| 7. | | |
| 8. | | |
| 9. | | |
| 10. | | |
| 11. Total additions..... | | |
| Deductions from surplus: | | |
| 12. Income and excess profits taxes..... | | |
| 13. Dividends on preferred stock..... | | |
| 14. Dividends on common stock..... | | |
| Other deductions (specify): | | |
| 15. | | |
| 16. | | |
| 17. | | |
| 18. | | |
| 19. | | |
| 20. | | |
| 21. | | |
| 22. Total deductions..... | | |
| Surplus at end of year as per balance sheet..... | | |

SHEET 8
Schedule No.

Notes and loans payable, outstanding at end of each month of company's business years, 1923 and 1924

[illegible]

EXHIBIT III TABLES SHOWING INVESTMENT AND NET INCOME OF FLOUR MILLING COMPANIES

DEFINITIONS OF INVESTMENT AND NET INCOME AS USED IN THE FOLLOWING TABLES

INVESTMENT

The investments used in this report are the mean investments for the year; that is one-half the sum of the investments at the beginning and at the end of each year. This applies to all except notes payable for which the monthly averages have been used.

The investments in the milling business used, is the sum of the capital stock, surplus, surplus reserves, bonds and borrowed money, less outside investments.

The investment in the entire business used, is the sum of the capital stock, surplus, surplus reserves, bonds and borrowed money.

The stockholders' equity in the entire business used, is the sum of the capital stock, surplus and surplus reserves.

The stockholders' equity in the milling business used, is the sum of the capital stock, surplus and surplus reserves less outside investments.

NET INCOME

The net income from the milling investment is the total net income before deducting interest on bonds and borrowed money, and before adding or deducting gains or losses on outside investments.

The net income from the entire business is the total net income before deducting interest on bonds and borrowed money.

The net income from the stockholders' equity in the entire business is the total net income after deducting interest on bonds and borrowed money.

The net income from the stockholders' equity in the milling business is the total net income after deducting interest on bonds and borrowed money and before adding or deducting gains or losses on outside investments.

The net income shown is in all cases the income before deducting Federal income and excess profit taxes.

116

TABLE 1.—Investment, net income, and rate of return of 90 milling companies for the two years 1923 and 1924

| Year | Sales of wheat flour | Milling business | | | Entire business | | | Stockholders' equity in entire business | | | Stockholders' equity in milling business | | |
|--------------|----------------------|------------------|--------------|----------------|-----------------|-------------|----------------|-----------------------------------------|-------------|----------------|------------------------------------------|-------------|----------------|
| | | Barrels | Investment | Rate of return | Investment | Net income | Rate of return | Investment | Net income | Rate of return | Investment | Net income | Rate of return |
| 1923..... | | 29,184,810 | \$90,611,305 | 7.4 | \$109,291,757 | \$8,205,013 | 7.5 | \$80,772,294 | \$6,547,513 | 8.1 | \$68,091,753 | \$5,523,743 | 8.1 |
| 1924..... | | 30,072,320 | 98,840,598 | 7.1 | 110,790,064 | 8,930,563 | 8.1 | 83,102,983 | 7,333,681 | 8.8 | 71,133,517 | 5,463,303 | 7.7 |
| Average..... | | 29,628,565 | 97,725,951 | 7.3 | 110,040,910 | 8,567,788 | 7.8 | 81,937,593 | 6,950,597 | 8.5 | 69,622,634 | 5,493,523 | 7.9 |

TABLE 2.—Value and cost of wheat flour sales and net income of 90 milling companies for the two years 1923 and 1924

| Year | Value of wheat flour sold | | Cost of wheat flour sold | | Net income from milling business | | Add gain from outside investments | | Net income from entire business | | Deduct interest on bonds and borrowed money | | Net income for stockholders' equity in entire business | | Deduct gain on outside investments | | Net income for stockholders' equity in milling business | |
|--------------|---------------------------|------------|--------------------------|------------|----------------------------------|------------|-----------------------------------|------------|---------------------------------|------------|---------------------------------------------|------------|--------------------------------------------------------|------------|------------------------------------|------------|---------------------------------------------------------|------------|
| | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel |
| 1923..... | \$172,425,618 | \$5.91 | \$163,244,375 | \$5.66 | \$7,181,243 | \$0.25 | \$1,023,770 | \$0.03 | \$8,205,013 | \$0.28 | \$1,657,500 | \$0.06 | \$6,547,513 | \$0.22 | \$1,023,770 | \$0.03 | \$5,523,743 | \$0.19 |
| 1924..... | 173,295,955 | 5.76 | 166,255,770 | 5.53 | 7,040,185 | 0.23 | 1,890,378 | 0.06 | 8,930,563 | 0.29 | 1,576,882 | 0.05 | 7,353,681 | 0.24 | 1,890,378 | 0.06 | 5,463,303 | 0.18 |
| Average..... | 172,860,786 | 5.83 | 165,750,072 | 5.59 | 7,110,714 | 0.24 | 1,457,074 | 0.05 | 8,567,788 | 0.29 | 1,617,191 | 0.05 | 6,950,597 | 0.24 | 1,457,074 | 0.05 | 5,493,523 | 0.19 |

TABLE 3.—Investment of 90 milling companies for two years, 1923 and 1924

| Year | Sales of wheat flour | | Investment in milling business | | Add investment in outside business | | Investment in entire business | | Deduct bonds and borrowed money | | Stockholders' equity in entire business | | Deduct investment in outside business | | Stockholders' equity in milling business | |
|---------|----------------------|--------------|--------------------------------|--------------|------------------------------------|---------------|-------------------------------|--------------|---------------------------------|--------------|-----------------------------------------|--------------|---------------------------------------|--------------|------------------------------------------|--|
| | Barrels | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | |
| | | | | | | | | | | | | | | | | |
| 1923 | 29,184,810 | \$96,611,305 | \$3.31 | \$12,680,452 | \$0.43 | \$109,291,757 | \$3.74 | \$28,519,533 | \$0.98 | \$80,772,204 | \$2.76 | \$12,680,452 | \$0.43 | \$98,091,752 | \$2.33 | |
| 1924 | 30,072,320 | 98,840,598 | 3.29 | 11,949,466 | .39 | 110,790,064 | 3.68 | 27,087,681 | .92 | 83,102,983 | 2.76 | 11,949,466 | .39 | 71,153,517 | 2.37 | |
| Average | 29,628,565 | 97,725,951 | 3.30 | 12,314,959 | .41 | 110,040,910 | 3.71 | 28,108,317 | .95 | 81,937,593 | 2.76 | 12,314,959 | .41 | 69,622,634 | 2.35 | |

TABLE 4.—Investment, net income, and rate of return of 90 milling companies, shown for 44 companies closing their books at the end of the two crop years 1922-23 and 1923-24, and for 46 companies closing their books at the end of the two calendar years 1923 and 1924

| | Sales of wheat flour | | Milling business | | Entire business | | Stockholders' equity in entire business | | Stockholders' equity in milling business | |
|--------------------|----------------------|--------------|------------------|------|-----------------|------|-----------------------------------------|-----------|------------------------------------------|-----------|
| | Barrels | | Investment | | Net income | | Investment | | Net income | |
| | Amount | Rate | Amount | Rate | Amount | Rate | Amount | Rate | Amount | Rate |
| Crop year 1923 | 22,902,087 | \$78,161,430 | \$6,248,040 | 8.0 | \$89,147,915 | 8.0 | \$6,248,040 | 8.0 | \$89,147,915 | 8.0 |
| Calendar year 1923 | 6,282,723 | 18,449,875 | 933,203 | 5.1 | 20,143,842 | 5.0 | 14,291,903 | 4.3 | 12,597,836 | 4.3 |
| Average | 29,184,810 | 96,611,305 | 7,181,243 | 7.4 | 109,291,757 | 7.5 | 80,772,204 | 6.547,204 | 68,091,752 | 5,523,743 |
| Crop year 1924 | 22,906,825 | 79,394,820 | 4,629,452 | 6.3 | 89,135,798 | 7.5 | 68,725,848 | 5,537,905 | 57,984,575 | 3,696,836 |
| Calendar year 1924 | 7,105,495 | 19,445,778 | 2,110,733 | 10.9 | 20,684,271 | 10.5 | 14,377,535 | 1,815,776 | 13,108,942 | 1,766,467 |
| Average | 30,072,320 | 98,840,598 | 7,040,185 | 7.1 | 110,790,064 | 8.1 | 83,102,983 | 7,333,681 | 71,153,517 | 5,463,303 |

TABLE 5.—Value and cost of wheat flour sales and net income of 90 milling companies, shown for 44 companies closing their books at the end of the two crop years 1922-23 and 1923-24, and for 46 companies closing their books at the end of the two calendar years 1923 and 1924

| | Value of wheat flour sold | | Cost of wheat flour sold | | Net income from milling business | | Add gain from outside investments | | Net income from entire business | | Deduct interest on bonds and borrowed money | | Net income from stockholders' equity in entire business | | Deduct gain on outside investments | | Net income from stockholders' equity in milling business | |
|--------------------|---------------------------|------------|--------------------------|------------|----------------------------------|------------|-----------------------------------|------------|---------------------------------|------------|---------------------------------------------|------------|---------------------------------------------------------|------------|------------------------------------|------------|----------------------------------------------------------|------------|
| | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel |
| Crop year 1923 | \$135,472,423 | \$5.91 | \$129,224,383 | \$5.64 | \$6,248,040 | \$0.27 | \$951,903 | \$0.04 | \$7,200,033 | \$0.31 | \$1,263,035 | \$0.05 | \$5,936,998 | \$0.26 | \$951,903 | \$0.04 | \$4,985,095 | \$0.22 |
| Calendar year 1923 | 36,953,195 | 5.38 | 36,019,992 | 5.73 | 933,203 | .15 | 71,777 | .01 | 1,004,980 | .16 | 394,465 | .06 | 610,515 | .10 | 71,777 | .01 | 938,738 | .09 |
| Average | 172,425,618 | 5.91 | 165,244,375 | 5.66 | 7,181,243 | .25 | 1,023,770 | .08 | 8,205,013 | .28 | 1,657,500 | .06 | 6,547,513 | .22 | 1,023,770 | .08 | 5,523,743 | .19 |
| Crop year 1924 | 127,555,697 | 5.55 | 122,626,245 | 5.34 | 4,629,452 | .21 | 1,841,099 | .08 | 6,470,921 | .29 | 1,232,616 | .08 | 5,237,905 | .24 | 1,841,099 | .08 | 3,696,836 | .16 |
| Calendar year 1924 | 45,740,258 | 6.44 | 43,628,525 | 6.14 | 2,110,733 | .30 | 40,309 | .01 | 2,160,042 | .31 | 344,296 | .05 | 1,815,776 | .26 | 40,309 | .01 | 1,766,467 | .25 |
| Average | 173,295,955 | 5.76 | 166,253,770 | 5.53 | 7,040,185 | .23 | 1,890,378 | .06 | 8,365,053 | .29 | 1,576,822 | .05 | 7,353,681 | .24 | 1,890,378 | .06 | 5,463,303 | .18 |

TABLE 6.—Investment of 90 milling companies, shown for 44 companies closing their books at the end of the two crop years 1922-23 and 1923-24 and for 46 companies closing their books at the end of the two calendar years 1923 and 1924

| | Sales of wheat flour (barrels) | | Investment in milling business | | Add investment in outside business | | Investment in entire business | | Deduct bonds and borrowed money | | Stockholders' equity in entire business | | Deduct investment in outside business | | Stockholders' equity in milling business | |
|--------------------|--------------------------------|--------------|--------------------------------|--------------|------------------------------------|--------------|-------------------------------|--------------|---------------------------------|--------------|-----------------------------------------|--------------|---------------------------------------|--------------|------------------------------------------|------------|
| | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel |
| Crop year 1923 | 22,902,087 | \$78,161,430 | \$3.41 | \$10,986,485 | \$0.48 | \$89,147,915 | \$3.89 | \$22,667,614 | \$0.99 | \$66,480,301 | \$2.90 | \$10,986,485 | \$0.48 | \$55,493,816 | \$2.42 | \$2.42 |
| Calendar year 1923 | 6,282,723 | 18,449,875 | 2.94 | 1,693,967 | .27 | 20,143,842 | 3.21 | 5,855,639 | .93 | 14,291,903 | 2.28 | 1,693,967 | .27 | 12,597,836 | 2.01 | 2.01 |
| Average | 29,184,810 | 96,611,305 | 3.31 | 12,680,452 | .43 | 109,291,757 | 3.74 | 28,519,533 | .98 | 80,772,204 | 2.76 | 12,680,452 | .43 | 68,091,752 | 2.33 | 2.33 |
| Crop year 1924 | 22,906,825 | 79,394,820 | 3.45 | 10,740,973 | .47 | 89,135,798 | 3.92 | 21,410,245 | .89 | 68,725,848 | 2.69 | 10,740,973 | .47 | 57,984,575 | 2.22 | 2.22 |
| Calendar year 1924 | 7,105,495 | 19,445,778 | 2.73 | 1,208,463 | .17 | 20,684,271 | 2.90 | 6,276,886 | .88 | 14,377,535 | 2.62 | 1,208,463 | .17 | 13,168,942 | 1.85 | 1.85 |
| Average | 30,072,320 | 98,840,598 | 3.20 | 11,949,466 | .39 | 110,790,064 | 3.68 | 27,087,681 | .92 | 83,102,983 | 2.76 | 11,949,466 | .39 | 71,153,517 | 2.37 | 2.37 |

TABLE 7.—Investment, net income, and rate of return of 101 milling companies¹ for the four years 1919 to 1922

| Year | Milling business | | | Entire business | | | Stockholders' equity in entire business | | | Stockholders' equity in milling business | | |
|---------|----------------------|---------------|----------------|-----------------|---------------|----------------|-----------------------------------------|---------------|----------------|------------------------------------------|--------------|----------------|
| | Sales of wheat flour | Investment | Rate of return | Net income | Investment | Rate of return | Net income | Investment | Rate of return | Net income | Investment | Rate of return |
| 1919 | 50,087,008 | \$167,511,980 | 13.9 | \$23,350,110 | \$181,285,023 | 12.8 | \$94,362,876 | \$108,716,031 | 13.3 | \$94,902,988 | \$18,880,961 | 16.9 |
| 1920 | 51,885,417 | 202,894,375 | 14.9 | 30,152,533 | 215,101,907 | 14.3 | 30,678,329 | 119,224,326 | 20.9 | 106,956,734 | 24,302,077 | 22.8 |
| 1921 | 47,684,417 | 184,067,057 | 10.9 | 24,156,683 | 163,865,403 | 14.7 | 17,353,091 | 131,552,813 | 10.1 | 106,494,114 | 1,055,913 | 11.0 |
| 1922 | 50,846,062 | 148,006,392 | 10.9 | 16,102,642 | 162,361,283 | 10.7 | 17,314,031 | 117,971,362 | 12.5 | 103,706,401 | 13,530,617 | 13.0 |
| Average | 49,887,550 | 170,799,951 | 10.6 | 18,045,726 | 183,866,502 | 10.3 | 18,955,082 | 116,873,633 | 12.7 | 103,780,082 | 13,931,685 | 13.4 |

¹ In 1919 there were 101 companies, in 1920 there were 105 companies, in 1921 there were 107 companies, and in 1922 there were 101 companies.

² Loss.

TABLE 8.—Value and cost of wheat flour sales and net income of 101 milling companies¹ for the four years 1919 to 1922

| Year | Value of wheat flour sold | | | Cost of wheat flour sold | | | Net income from milling investment | | | Add gain from outside investment | | | Net income from entire business | | | Deduct interest on bonds and borrowed money | | | Net income for stockholders' equity in entire business | | | Deduct gain on outside investment | | | Net income for stockholders' equity in milling business | | |
|---------|---------------------------|------------|---------------|--------------------------|--------------|------------|------------------------------------|--------------|------------|----------------------------------|------------|--------------|---------------------------------|------------|------------|---------------------------------------------|------------|------------|--------------------------------------------------------|--------------|------------|-----------------------------------|------------|--------------|---------------------------------------------------------|------------|------------|
| | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel |
| 1919 | \$31,000,424 | \$10.51 | \$907,710,314 | \$10.14 | \$23,350,110 | \$0.4781 | \$0.02 | \$24,362,876 | \$0.4984 | \$0.01 | \$0.02 | \$24,362,876 | \$0.4984 | \$0.01 | \$0.02 | \$24,362,876 | \$0.4984 | \$0.01 | \$0.02 | \$24,362,876 | \$0.4984 | \$0.01 | \$0.02 | \$24,362,876 | \$0.4984 | \$0.01 | \$0.02 |
| 1920 | 437,175,509 | 9.08 | 3,984,887,996 | 8.26 | 30,678,329 | 0.68 | 0.01 | 30,678,329 | 0.68 | 0.01 | 0.01 | 30,678,329 | 0.68 | 0.01 | 0.01 | 30,678,329 | 0.68 | 0.01 | 0.01 | 30,678,329 | 0.68 | 0.01 | 0.01 | 30,678,329 | 0.68 | 0.01 | 0.01 |
| 1921 | 437,175,509 | 9.08 | 3,984,887,996 | 8.26 | 17,314,031 | 0.34 | 0.02 | 17,314,031 | 0.34 | 0.02 | 0.02 | 17,314,031 | 0.34 | 0.02 | 0.02 | 17,314,031 | 0.34 | 0.02 | 0.02 | 17,314,031 | 0.34 | 0.02 | 0.02 | 17,314,031 | 0.34 | 0.02 | 0.02 |
| 1922 | 334,847,344 | 6.58 | 318,744,702 | 6.26 | 16,102,642 | 0.32 | 0.02 | 16,102,642 | 0.32 | 0.02 | 0.02 | 16,102,642 | 0.32 | 0.02 | 0.02 | 16,102,642 | 0.32 | 0.02 | 0.02 | 16,102,642 | 0.32 | 0.02 | 0.02 | 16,102,642 | 0.32 | 0.02 | 0.02 |
| Average | 474,522,481 | 9.51 | 456,476,755 | 9.15 | 18,045,726 | 0.36 | 0.02 | 18,955,082 | 0.38 | 0.02 | 0.02 | 18,955,082 | 0.38 | 0.02 | 0.02 | 18,955,082 | 0.38 | 0.02 | 0.02 | 18,955,082 | 0.38 | 0.02 | 0.02 | 18,955,082 | 0.38 | 0.02 | 0.02 |

¹ In 1919 there were 101 companies, in 1920 there were 105 companies, in 1921 there were 107 companies, and in 1922 there were 101 companies.

² Loss.

³ Loss of less than one-half of 1 cent.

TABLE 9.—Investment of 101 milling companies¹ for the four years 1919 to 1922

| Year | Sales of wheat flour | | | Investment in milling business | | | Add investment in outside business | | | Investment in entire business | | | Deduct bonds and borrowed money | | | Stockholders' equity in entire business | | | Deduct investment in outside business | | | Stockholders' equity in milling business | | |
|---------|----------------------|---------------|------------|--------------------------------|------------|---------------|------------------------------------|--------------|------------|-------------------------------|------------|---------------|---------------------------------|---------------|------------|-----------------------------------------|------------|---------------|---------------------------------------|---------------|------------|------------------------------------------|------------|---------------|
| | Barrels | Amount | Per barrel | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel | Amount | Per barrel | Per barrel |
| 1919 | 50,087,008 | \$167,511,980 | \$3.35 | \$13,733,043 | \$0.27 | \$131,265,023 | \$3.62 | \$79,548,992 | \$1.45 | \$108,716,031 | \$2.17 | \$108,716,031 | \$1.45 | \$108,716,031 | \$2.17 | \$108,716,031 | \$2.17 | \$108,716,031 | \$1.45 | \$108,716,031 | \$2.17 | \$108,716,031 | \$2.17 | \$108,716,031 |
| 1920 | 51,885,417 | 202,894,375 | 3.93 | 12,207,592 | 0.24 | 215,101,907 | 4.17 | 85,937,015 | 1.66 | 119,224,326 | 2.31 | 119,224,326 | 1.66 | 119,224,326 | 2.31 | 119,224,326 | 2.31 | 119,224,326 | 1.66 | 119,224,326 | 2.31 | 119,224,326 | 2.31 | 119,224,326 |
| 1921 | 47,684,417 | 184,067,057 | 3.50 | 12,088,699 | 0.26 | 176,785,756 | 3.76 | 55,202,943 | 1.17 | 117,971,362 | 2.39 | 117,971,362 | 1.17 | 117,971,362 | 2.39 | 117,971,362 | 2.39 | 117,971,362 | 1.17 | 117,971,362 | 2.39 | 117,971,362 | 2.39 | 117,971,362 |
| 1922 | 50,846,062 | 148,006,392 | 2.91 | 14,264,871 | 0.28 | 162,361,283 | 3.19 | 44,389,961 | 0.87 | 117,971,362 | 2.32 | 117,971,362 | 0.87 | 117,971,362 | 2.32 | 117,971,362 | 2.32 | 117,971,362 | 0.87 | 117,971,362 | 2.32 | 117,971,362 | 2.32 | 117,971,362 |
| Average | 49,887,550 | 170,799,951 | 3.42 | 13,093,551 | 0.27 | 183,866,502 | 3.69 | 67,019,899 | 1.34 | 116,873,633 | 2.35 | 116,873,633 | 1.34 | 116,873,633 | 2.35 | 116,873,633 | 2.35 | 116,873,633 | 1.34 | 116,873,633 | 2.35 | 116,873,633 | 2.35 | 116,873,633 |

¹ In 1919 there were 101 companies; in 1920 there were 105 companies; in 1921 there were 107 companies; and in 1922 there were 101 companies.

TABLE 10.—Investment, net income and rate of return of 47 milling companies for the six years 1919 to 1924

| Year | Sales of wheat flour | | | Milling business | | | Entire business | | | Stockholders' equity in entire business | | | Stockholders' equity in milling business | | |
|---------|----------------------|--------------|----------------|------------------|--------------|----------------|-----------------|--------------|----------------|-----------------------------------------|--------------|----------------|------------------------------------------|--------------|----------------|
| | Barrels | Investment | Rate of return | Net income | Investment | Rate of return | Net income | Investment | Rate of return | Net income | Investment | Rate of return | Net income | Investment | Rate of return |
| 1919 | 20,277,136 | \$76,825,148 | 13.9 | \$10,646,582 | \$86,140,644 | 13.4 | \$11,536,728 | \$54,267,816 | 17.6 | \$9,324,422 | \$54,267,816 | 17.6 | \$44,932,320 | \$54,267,816 | 17.6 |
| 1920 | 21,871,486 | 92,824,532 | 15.9 | 14,794,501 | 101,398,048 | 15.0 | 17,555,830 | 59,708,118 | 21.3 | 12,755,830 | 59,708,118 | 21.3 | 51,183,742 | 59,708,118 | 21.3 |
| 1921 | 18,083,899 | 73,721,501 | 2.9 | 2,162,736 | 82,828,633 | 3.1 | 2,038,133 | 4,622,273 | 2.6 | 4,622,273 | 4,622,273 | 2.6 | 53,394,967 | 4,622,273 | 2.6 |
| 1922 | 20,615,162 | 71,586,915 | 9.1 | 6,485,589 | 82,774,063 | 7.8 | 7,568,353 | 64,883,640 | 9.9 | 5,608,868 | 64,883,640 | 9.9 | 51,187,328 | 64,883,640 | 9.9 |
| 1923 | 22,065,396 | 70,504,504 | 7.8 | 5,876,090 | 87,564,322 | 6.9 | 6,808,265 | 66,777,912 | 8.1 | 5,948,868 | 66,777,912 | 8.1 | 4,013,385 | 66,777,912 | 8.1 |
| 1924 | 22,511,522 | 77,578,957 | 6.9 | 5,315,652 | 88,792,060 | 6.9 | 7,193,446 | 61,750,009 | 9.7 | 6,945,219 | 61,750,009 | 9.7 | 4,013,385 | 61,750,009 | 9.7 |
| Average | 20,974,940 | 78,038,593 | 9.7 | 7,547,125 | 88,246,933 | 9.7 | 8,549,548 | 61,750,009 | 11.2 | 6,945,219 | 61,750,009 | 11.2 | 5,942,796 | 61,750,009 | 11.2 |

TABLE 11.—Value and cost of wheat flour sales and net income of 47 milling companies for the six years 1919 to 1924

| Year | Value of wheat flour sold | | Cost of wheat flour sold | | Net income from milling business | | Add gain from outside investments | | Net income from entire business | | Deduct interest on bonds and borrowed money | | Net income from stockholders' equity in entire business | | Deduct gain on outside investment | | Net income from stockholders' equity in milling business | |
|---------|---------------------------|------------|--------------------------|------------|----------------------------------|------------|-----------------------------------|------------|---------------------------------|------------|---------------------------------------------|------------|---------------------------------------------------------|------------|-----------------------------------|------------|----------------------------------------------------------|------------|
| | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel |
| 1919 | \$214,730,075 | \$10.50 | \$204,142,403 | \$10.06 | \$10,646,532 | \$0.537 | \$890,146 | \$0.04 | \$11,536,738 | \$0.57 | \$2,012,306 | \$0.70 | \$10,524,432 | \$0.47 | \$890,146 | \$0.04 | \$8,634,276 | \$0.43 |
| 1920 | 256,695,117 | 10.29 | 241,832,728 | 11.05 | 14,794,691 | 0.47 | 337,790 | 0.09 | 15,132,381 | 0.48 | 2,435,866 | 0.07 | 12,755,830 | 0.39 | 397,700 | 0.04 | 12,358,130 | 0.35 |
| 1921 | 256,695,117 | 10.29 | 241,832,728 | 11.05 | 14,794,691 | 0.47 | 337,790 | 0.09 | 15,132,381 | 0.48 | 2,435,866 | 0.07 | 12,755,830 | 0.39 | 397,700 | 0.04 | 12,358,130 | 0.35 |
| 1922 | 172,396,133 | 9.24 | 170,412,331 | 9.12 | 2,162,736 | 0.21 | 775,403 | 0.04 | 2,938,139 | 0.16 | 1,315,866 | 0.16 | 1,622,273 | 0.09 | 775,403 | 0.04 | 846,870 | 0.07 |
| 1923 | 131,556,860 | 5.96 | 130,912,544 | 6.41 | 6,483,589 | 0.32 | 1,084,739 | 0.05 | 7,568,328 | 0.37 | 1,353,500 | 0.07 | 2,214,828 | 0.30 | 1,084,739 | 0.05 | 6,136,089 | 0.25 |
| 1924 | 131,556,860 | 5.96 | 130,912,544 | 6.41 | 6,483,589 | 0.32 | 1,084,739 | 0.05 | 7,568,328 | 0.37 | 1,353,500 | 0.07 | 2,214,828 | 0.30 | 1,084,739 | 0.05 | 6,136,089 | 0.25 |
| Average | 173,724,889 | 8.28 | 168,177,764 | 7.92 | 7,547,125 | 0.36 | 1,002,423 | 0.06 | 8,549,548 | 0.41 | 1,604,320 | 0.08 | 6,945,219 | 0.33 | 1,002,423 | 0.06 | 5,942,796 | 0.28 |

TABLE 12.—Investment of 47 milling companies for the six years 1919 to 1924

| Year | Sales of wheat flour | | Investment in milling business | | Add investment in outside business | | Investment in entire business | | Deduct bonds and borrowed money | | Stockholders' equity in entire business | | Deduct investment in outside business | | Stockholders' equity in milling business | |
|---------|----------------------|------------|--------------------------------|------------|------------------------------------|------------|-------------------------------|------------|---------------------------------|------------|-----------------------------------------|------------|---------------------------------------|------------|------------------------------------------|------------|
| | Barrels | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel | Amount | Per barrel |
| 1919 | 20,277,136 | — | \$76,825,148 | \$3.79 | \$9,315,490 | \$0.46 | \$86,140,644 | \$4.25 | \$31,872,828 | \$1.57 | \$54,267,816 | \$2.68 | \$9,315,490 | \$0.46 | \$44,952,326 | \$2.22 |
| 1920 | 21,871,486 | — | 82,524,532 | 3.78 | 8,574,182 | 0.39 | 91,098,714 | 4.24 | 21,570,790 | 1.00 | 69,527,924 | 3.23 | 8,574,182 | 0.39 | 51,193,742 | 2.34 |
| 1921 | 20,413,109 | — | 73,184,915 | 3.59 | 11,198,688 | 0.55 | 84,383,603 | 4.14 | 20,326,534 | 1.00 | 64,057,069 | 3.14 | 9,107,182 | 0.40 | 53,950,887 | 2.65 |
| 1922 | 22,080,436 | — | 75,700,504 | 3.43 | 11,864,318 | 0.54 | 87,564,822 | 4.05 | 22,761,181 | 1.03 | 64,803,641 | 3.06 | 11,103,068 | 0.51 | 53,700,573 | 2.51 |
| 1923 | 22,511,522 | — | 77,878,957 | 3.45 | 11,213,703 | 0.49 | 89,092,660 | 3.94 | 22,014,748 | 0.98 | 67,077,912 | 2.96 | 11,213,703 | 0.49 | 55,864,209 | 2.47 |
| 1924 | 20,974,940 | — | 78,038,593 | 3.72 | 10,211,360 | 0.49 | 88,249,953 | 4.21 | 26,490,944 | 1.26 | 61,759,009 | 2.95 | 10,211,360 | 0.49 | 51,538,649 | 2.46 |
| Average | | | | | | | | | | | | | | | | |

EXHIBIT IV

DISCUSSION ON PACKAGE DIFFERENTIALS AT MEETING OF MILLERS' NATIONAL FEDERATION, OCTOBER 19, 1917

EXTRACTS FROM REPORT OF THE SEMI-ANNUAL MEETING OF DIRECTORS, DELEGATES, AND MEMBERS OF THE MILLERS' NATIONAL FEDERATION, HELD AT BLACKSTONE HOTEL, CHICAGO, ILL., OCTOBER 19, 1917

REMARKS BY THE PRESIDENT
(Mr. Samuel Plant)

Gentlemen of the Federation: The activities of the officers, committeemen, and members of your organization since our last meeting have been devoted almost entirely to food administration work. While it appeared that the taking over of our industry by our Government, during the war for necessary control, might subject us to drastic changes in our methods of manufacture and distribution, happily, by arrangement with Food Administration, we have virtually been given the absolute control of our own industry, and through the millers' committee, in conference with Food Administration, have worked out a plan of procedure that has preserved the previous method of operation in almost every detail, and we will, without doubt, accomplish the ends desired, which are conservation in wheat and flour, stabilization of prices, entire absence of speculation, with the assurance to the consuming public that the price level of breadstuffs will be maintained on a reasonable basis during the continuance of the present emergency.

While the present plan may not be working satisfactorily to all millers, and while sacrifices are being made and hardships are being borne, seemingly more by some than by others, nevertheless, we must remember that we have enlisted in the greatest service that we have ever been called upon to perform, and we have come to the assistance of our country in a body, having readily subscribed to voluntary cooperative administration, in an endeavor to relieve our people of that great embarrassment in food control that most countries have been so handicapped with during the World's War.

REPORT OF SECRETARY

CHICAGO, ILL., October 19, 1917.

To the Directors and Delegates, Millers' National Federation:

Gentlemen: Your secretary submits the following report covering the period since the annual meeting in April.

Legislation.—It will be recalled that at the April meeting there was a special committee appointed to cooperate with the Federal authorities in the matter of food conservation. This committee at once became very active and its members spent a great deal of time at Washington giving information regarding the milling business, and endeavoring, as far as possible, to prevent the passage of those features of the Food Control Bill that gave to the President or the Secretary of Agriculture authority to prescribe the extraction that should be made from wheat, and also gave authority to indicate mixtures of products of other grains with wheat flour. During this period of activity on the part of the Federation's Committee the President announced that he had requested Mr. Herbert Hoover to act as Food Administrator.

Upon Mr. Hoover's arrival in the United States he asked Mr. William C. Edgar, of "The Northwestern Miller," to come to Washington and confer with him regarding the milling situation. Mr. Edgar responded and placed before Mr. Hoover plans for intratrade regulation of the milling industry for the duration of the war. Mr. Hoover thought well of the plan and invited a number of leading millers to come to Washington for a conference. This resulted

in several subsequent conferences, during which the millers placed persistently before Mr. Hoover the fallacy of attempting to conserve wheat by lengthening the extraction in milling or by resorting to mixtures of the product of other grains. During all this time Congress was debating the Food Control Bill and considerable opposition developed to any regulation of the food producing industries.

Toward the close of the time when the bill was under consideration in Congress, Chairman Lever, of the House Committee on Agriculture, introduced what was really the third Food Control Bill, from which had been eliminated, with the approval of the tentative Food Administration, those sections to which millers had so strenuously objected. It soon became evident that the bill would become a law and Mr. Hoover requested nine millers to serve as a tentative committee, which he styled The United States Millers' Committee, and was composed of the following: Messrs. James F. Bell, Minneapolis; A. C. Loring, Minneapolis; A. J. Hunt, Arkansas City, Kans.; E. M. Kelly, Nashville, Tenn.; B. A. Eckhart, Chicago, Ill.; Samuel Plant, St. Louis, Mo.; Mark N. Mennel, Toledo, Ohio; Fred J. Lingham, Lockport, N. Y., and Theodore B. Wilcox, Portland, Oreg. At the meeting for organization the committee elected Mr. James F. Bell as chairman, and A. P. Husband as secretary.

This committee, acting in cooperation with Mr. Hoover, prepared tentative rules and regulations for the conduct of the milling business during the war, and by the time the bill became a law, on August 10, definite general plans had been adopted. Shortly after Mr. Hoover had been appointed Food Administrator by the President a change in the plans became necessary, under which the organization that had been known as The United States Millers' Committee became a distinct part of the Food Administration under the name of the Food Administration-Milling Division. Rules and regulations for the government of the milling industry were promulgated by the Food Administration under date of August 24; temporary central offices were opened at 42 Broadway, New York, and early in September permanent general offices were opened at 74 Broadway, New York, while each divisional chairman opened an office in the division over which he exercised supervision. The regulations governing the conduct of the milling industry became effective September 10.

In the judgment of your officers it seemed wise to assist in every way possible the efforts of the committee to secure supervision of the industry by the millers, so that a very great deal of your secretary's time has been given to the preliminary work and the work of getting the milling division organized and in active operation. Some of the matters in which the Federation was formerly active will, for the duration of the war, be naturally under the supervision of the Food Administration-Milling Division, and it is hoped that with the added prestige of the Milling Division, as a branch of the Federal Government, many of the trade abuses of long standing can be corrected.

Package differentials.—As there had been some criticism of the Federation Package Differentials, the Federation Committee on Package Differentials, Sales Contracts and Publicity held a meeting at the Federation office on August 20, with Mr. Charles T. Olson, chairman, presiding. After several hours of discussion the committee agreed upon two schedules instead of three, as heretofore. These two schedules were submitted to the Food Administration-Milling Division, and a committee of that organization merged them into one package differential schedule, making some necessary changes. This is the schedule that has been promulgated by the Food Administration-Milling Division, and is effective throughout the entire country; its use is obligatory upon all mills working under agreement with Food Administration.

Respectfully submitted,

(Signed) A. P. HUSBAND, Secretary.

REPORT OF THE COMMITTEE ON PACKAGE DIFFERENTIALS, SALES CONTRACTS, TRADE MARKS, PUBLICITY

WINONA, MINN., October 10, 1917.

To the Officers and Directors, Miller's National Federation:

Gentlemen: Your committee on package differentials, sales contracts, trade marks and publicity, begs leave to report as follows:

Package differentials.—The radical changes in the cost of the various flour packages made it necessary to adjust the differentials in line with the increased cost of the packages.

Several members of the committee met at the Federation office on August 20th and put in a whole day revising the differentials, and submitted recommendations to the Board of Directors, and also to the United States Food Control Commission, then in session at Washington. The recommendations of the committee, with same changes recommended by the Millers' Committee, were announced as the Official Package Differentials for the entire United States. In changing the basing package to one-half cotton or jute it was possible to put into effect one set of differentials covering all territories, thereby simplifying the differential problem.

Sales contracts.—A new uniform sales contract has been announced as the United States Food Administration-Milling Division Uniform Sales Contract, which appears to be in general use.

Respectfully submitted on behalf of the Committee.

(Signed) CHARLES T. OLSON, Chairman.

The PRESIDENT. It might be said at this time that these package differentials that have been adopted by the Food Administration, while fairly satisfactory, have been objected to by some sections and the Millers' Committee is inclined to receive any suggestions that the Federation may have to make in the way of corrections. Later on, when we get to discussing these reports, I believe that we might take this matter of package differentials up here as a committee of the whole, or appoint a committee for that purpose, and at that time I think, Mr. Olson, we could discuss the question that you bring up in connection with the short-weight package. As I understand, millers are shipping 192 pounds to the barrel in sacks into States that require 196 pounds to the barrel. That, of course, should be taken up by the State authorities; it should not be permitted. We can discuss that question when we take up the question of differentials a little later.

Mr. GOETZMANN. Mr. Chairman, I don't know whether it is quite the proper time to bring it up just now, but it has impressed me for a long time what a tremendous feeling of gratitude the whole milling industry should feel for the efforts made by Mr. William C. Edgar, which efforts have resulted in making this a self-governing body under these trying conditions. This is the first meeting of the Federation since the matter has been carried through, and right at this point, if it meets with the pleasure of the chairman and you gentlemen, I would like to ask or make a motion that a committee be appointed to draw up a resolution of appreciation to Mr. Edgar. Some of you may not know that the friendship between Mr. Hoover and Mr. Edgar is responsible, I believe almost entirely responsible, as a fundamental for our being a self-governing body under these conditions. When Mr. Edgar got together a shipload of flour and took it to Belgium he met Mr. Hoover. Mr. Hoover's friendship was kept up and the first person that was reached by him when he came to this country under the President's orders to assume the position of Food Administrator, the first wire I believe that he sent out, was to Mr. William C. Edgar, of Minneapolis, asking him to come to Washington and confer on this proposition. Now there has been a tremendous amount of work done by the Millers' Committee since that time; in fact, the amount of work sometimes I think has caused us to forget the origin of the whole thing. Therefore, Mr. Chairman, I move you that you appoint a committee of three to draw up on behalf of the Millers' National Federation a suitable resolution of appreciation to Mr. Edgar, and that the resolution be engrossed in the proper form and presented to Mr. Edgar.

Mr. McLEMORE. I second the motion.

The PRESIDENT. Gentlemen, I think the motion is quite opportune at this time. Mr. Edgar has always been devoted to the millers. I have always felt that Mr. Edgar has probably done more for the millers of this country than any other one man, and in this matter he worked incessantly, and it was greatly through his efforts that the organization that we now have was perfected. I take great pleasure in putting this motion. All those in favor of the same will please rise. (All stood up.) The vote is unanimous. I will appoint as the members of that committee, Mr. Goetzmann, Mr. Urban, and Mr. Kell.

The PRESIDENT. Now the Food Administration Millers' Committee have intimated that they would like to have an expression from the Federation if any change is desired in the package differentials that were adopted, but any expression that this Federation makes to the Food Administration Millers' Committee must be complete. It must go right down into the root of it and make the proposition formally concisely, and completely. The recommendation to the committee that they adopt the decimal system would not have any consideration at all. We would have to go very carefully into that matter, and probably put up two propositions to them, with the request that they adopt the decimal system if we decided that that was our view.

Mr. GRIGG. I believe that at the last annual meeting of the directors, delegates, and members of the Millers' National Federation a motion was made that we adopt single package differentials. We threshed out the package differential proposition then, and we have every time we have met for 15 years, and I think in the beginning, as I have stated before, we had some 12 or 13 different package differentials in use in the United States. We now are using one and there is no more opportune time than the present time to adopt a system that will need no controversy when we meet, and on the decimal system we certainly will have it. As Mr. Moore says, we have heard nothing but sacks, sacks, sacks, but Mr. Clark touched a point there that I thought over and that we should not overlook, and that is this fact that when the Milling Division of the Food Administration adopts a certain measure, as they have now, and state that the package differential submitted by our committee was the one that they would adopt and did adopt, and is not obligatory on all members working under the Millers Agreement, why should the State lines cut any figure and why would they cut any more figure under the decimal system of weights for package differentials on sales than they do now? I can see where State lines should certainly be eliminated entirely.

The PRESIDENT. As I understand, Mr. Grigg, under the Food Administration the intrastate and interstate business are under the same control practically, and they are permitted to overlook the state laws. I may not be right about that, but I believe that if the Food Administration should adopt the decimal packages you would not be permitted to sell those in states where they call for other sizes. * * * There have been some objections to the package differentials and this question we have decided will come up at some later time. It will be a matter of legislation and it will be long drawn out. Do we want to make any recommendation to the Millers' Committee on the present differentials?

Mr. BEAN. Mr. Chairman, in behalf of the Southeastern Millers, we have several recommendations for changes and additions to this list. We are not asking any special concessions to the Southeastern Millers' Associations, but we are asking that well established trade customs down there be authorized by the Food Administration. We are asking also that what appears to us a discrimination against the small sacks be removed. For instance, the Food Administration has cited a 6-pound cotton bag at 75 cents over the basis; our compilations of figures as to the expense of packing and loading shows that the 6-pound bags can be handled for 50 cents instead of 75 cents. The same is true of other packages. For example, the 12-pound sack, which is set at 30 cents over the basis, can be handled for 15 cents over the basis. Now these packages, understand, are in very wide use in our territory. Over 80 per cent of our business in the southeastern territory goes into packages measuring on a unit of 192 pounds. We are perfectly satisfied with the 24-pound basis and all packages higher than that, but we feel that it is an injustice to our people in asking them to pay the penalty for using small sacks which are in such general use. In a way, it defeats the very purpose of this legislation, in that the purpose is to cheapen the cost to the consumer. I don't know that this body would want to go into the details of that, but I do believe the Southeastern Millers should be allowed to submit those figures to the committee having this in charge.

Mr. OLSON. I would like to say for the benefit of the southeastern millers that when this schedule was presented the matter of the variation between the various sized packages was gone into very carefully, and a certain overage was figured to cover the extra cost of packing. Now in the analysis which

is given here, for instance, a 12-pound package could be packed and furnished at a certain differential; it might be true if you figured the cost of packing that particular package on the basis of average cost of packing per barrel, but if you would put your packing force to packing that certain package only, you would find that the cost of packing those small sacks far exceeds the cost of packing the larger packages. Now the fact that they were not represented at the meeting at Chicago was unfortunate. They had notice to attend the meeting and that part of the committee that was in attendance worked the differentials out in accordance with their best judgment. The matter of the differential for the 192-pound barrel was figured on the basis of 5 cents a pound for the flour, and 20 cents a barrel in addition to the difference in the cost of the small package plus an added overage for the extra cost of packing. Now I believe it is unwise at this time, when we are just getting started, to suggest any change in this package differential. There may be inequalities right now, but there is no assurance that next month or the month after the differentials that you are figuring on now will be anywhere near correct, or any more correct than these differentials are now, because there is a constant change and in order to maintain any kind of differentials you have to figure sufficiently liberal to cover those inequalities. The moment you forget to figure differentials on the basis of the exact cost of the package at the time you prepare your differentials, your differentials are not going to be sufficiently liberal to cover those fluctuations. Now these differentials were prepared to cover a certain amount of fluctuation in the price of packages. There have been changes in the prices of packages since we had our meeting; on the basis that some are working, that we should figure at all times the exact cost of the package and use that as a basis, we would then have to prepare another set almost every week, and I think it would be a very serious mistake right now to suggest any change in these differentials, because we all have our contracts printed and we have contracts of flour out, and to make a change right now would be very confusing and very unnecessary.

Mr. MOORE. Is that a motion made by Mr. Olson?

The PRESIDENT. I don't so understand it.

Mr. MOORE. Do you make a motion that there is no change which you would suggest in the differentials at this time?

Mr. OLSON. I will make that motion, yes.

Mr. MOORE. I would like to second that motion, and in seconding that motion I would like to state this fact, and that is when the original differential basis came out I figured it just as Mr. Olson did, namely, that we establish a 98-pound basis, and that the different sized package was brought down to the fact that it was short weight in the question of difference. Now the proposition of the southeastern miller to-day, as I figure it, really gives him the advantage of the short weight, without showing it in his differentials. Am I right or wrong in that?

Mr. OLSON. That is correct.

Mr. MOORE. Now, gentlemen, that is the thing we are trying to get away from. I do more business in the Southeast in an interstate way than we do in any other district, and I know that this short weight curse of the Southeast is a curse. It is not a profit. It does not figure back as a profit. It encourages you to make a cut price instead of encouraging you to hold for a legitimate profit. [Applause.]

The PRESIDENT. Will you state your motion, Mr. Olson?

Mr. OLSON. I move you that no change be made in the differentials at this time.

Mr. McLEMORE. I don't think that it makes any serious difference to any miller in the Southeast as to what these differentials may be, whether they are profitable or unprofitable, so long as they are uniform throughout the country, were it not for the fact that certain conditions obtain there, and doubtless elsewhere in this country, which make it hard for us to meet the competitions which these differentials encourage. We have a large number of blenders, of jobbers, and of small mills not under license. Around Mr. LeCompte, in Lexington County, Kentucky, are a nest of small mills who are paying absolutely no attention to these differentials. Those mills will not become licensed, or a very few of them, even under the President's proclamation of October 10th. Now it so happens that on these 12-pound packages and 6-pound packages and all other packages which require burlap, there is a considerable profit to the miller. For instance, they have been charging not exceeding 20 cents through-

out the Southeast, because of the use of second-hand burlap for burlapping 24 pounds and less. Many jobbers in the Southeast are still charging only 15 cents. Under these differentials there must be placed a charge of 35 cents, so that there is a profit in the packing to the jobber, to the blender or the small miller, of practically 20 cents a barrel on that item alone. Now that is very confusing, very disconcerting and very injurious to the licensed mill, and the only way we feel that that situation can be corrected is to place these differentials, Mr. Olson, on a basis where they will allow no profit to the man who uses them, and in that respect only we feel that the differentials have been wrongly based. We will take our share of such troubles as they provoke, and, while I realize that the jobber will soon be licensed and the blender will soon be licensed, and that part of our trouble will probably be eliminated, yet we shall have to still confront the smaller miller who does not observe them, and will not observe them.

Mr. BEAN. Mr. Chairman, the 6-pound paper bag is rather a large portion of our business in the city of Louisville, and it is put down at 70 cents over basis, and as a matter of fact it costs you exactly what a 24-pound bag costs you, labor included. There is a 70-cent penalty to the consumer that the consumer has to pay. The same is applicable to the other packages. There is no reference at all made to the 4-pound bags, and that also is a very popular seller in our territory. I am quite in sympathy with the theory of not changing these differentials that are established, but if the differentials are wrong it would be better to change them now before they become an actual abuse, so if we have made a mistake, let us correct it now. I believe if the committee will give us a hearing in detail and will consider our figures which are made up with due allowance for the fluctuation in the prices and packages, I believe we can convince that committee that the differentials are unjust to the southern miller.

Mr. OLSON. I would like to make a further statement in regard to the use of second-hand containers for the small package. That of course is something that the committee did not consider. We had no business figuring on anything but a new package.

Mr. McLEMORE. A new package costs only 23 cents.

Mr. OLSON. A new package of burlap at the present time costs all of 25 cents, of the kind that is used, except a paper package. You cannot buy, unless you have old contracts, a burlap package of the 100 size but what it is going to cost you very close to 35 cents, leaving you very little if anything for the cost of putting those packages into the containers, which you cannot do without some expense. Now as regards the overage, that is figured on these smaller packages; I don't believe any two mills perhaps will figure the same average. Some will figure it don't cost them anything extra to pack the small sacks. Well, I don't think anyone can pack those small sacks at the same price; the smaller they are the greater the expense of packing, and as far as the 6-pound and the 4-pound package is concerned, there is greater overage figured in on the smaller package. That was intentional. The smaller the package the greater the overage, and that was the basis on which the differentials were prepared, because the smaller the package the greater the labor, and as far as the dealer is concerned, you will find that he maintains a much higher rate of profit per barrel on the small package than he does on larger ones, hence he is not being discriminated against at all. They exact a higher profit on the small sacks than they do on the larger proportionately. As regards the price to the consumers, there will be no objection at all for any miller to maintain that if he wants to; that is, sell his flour at 20 cents a barrel less to start with, and then apply the differentials, if he is getting too much.

Mr. BEAN. Mr. Chairman, of course the question of overage on differentials, if it is paying the miller too much profit, to which he is very ardently opposed, can be taken care of by reducing his price, but you will find that your competitor who is a jobber comes in then and takes the business on the smaller packages and you will get it on the other large packages on which you have reduced your price, so you are just about as bad off as when you started. I want to move a substitute motion and I want to precede it with this statement. We people of the Southeast have been blaming each other for our failure to be represented at the committee meetings. Unfortunately, there was appointed on that committee Mr. G. B. Ballard, of our firm. The letter came to him, and in the meantime he had joined the artillery. The letter was sent to him and it was undelivered for some time, and when it finally got back to the office the committee had held its meeting. The same thing happened, or similar

confusion happened in the appointment of someone from Nashville, I forgot just who it was, so that we had no representation at all. Therefore I move you, sir, that the Southeastern Millers' Association be given the privilege of submitting this question of revised differentials to the package differentials committee, for their ultimate decision. We ask that courtesy at the hands of this organization.

Mr. LINGHAM. Mr. President, just to make it plain to the meeting, the President's proclamation of October 8th included the following:

"I, Woodrow Wilson, President of the United States, do announce that it is essential to license the importation, manufacture, storage and distribution of ----- as follows: All person engaged in the business of manufacturing, including milling, mixing or packing or distributing, including buying and selling, any of the following commodities, wheat and flour, excepting retailers."

The President. Is there any second to the substitute motion?

Mr. OLSON. I would like to make a statement with reference to the non-representation of the Southeastern millers. There is a misunderstanding in that regard, because I received a letter back from Mr. Ballard several days before the meeting schedule in Chicago, wherein he mentioned that Mr. Breaux, who should have been present, was absent. Hence, they had several days' notice. The letter had been delivered and a reply was sent back several days before the meeting.

Mr. BEAN. Mr. Chairman, that is rather an embarrassing statement to be made here, and I cannot controvert it, excepting that I have given to you the impression that prevails in our office. I believe Mr. G. B. Ballard was appointed on the committee, and that Mr. Breaux had nothing to do with it. Now it was unfortunate that we did not have a representative there. Mr. Olson, was it Mr. Ballard who wrote that letter, do you remember?

Mr. OLSON. It was Mr. Ballard, but I can't recall which one. I have the letter at my office.

Mr. BEAN. Well, we all regret it that Mr. Breaux was not able to get to the meeting and present the viewpoint from the South. I am sorry that discrepancy occurs in our statement, but I stated to you just the things that we have talked about with Mr. McLeMore and Mr. Kelly so frequently, and we have all regretted that we were not represented. Just whose fault it was I don't know, except that Mr. G. B. Ballard was in the Army. I don't know just the date.

Mr. SIM. Mr. Bell referred me to this meeting here, and I would like to say that we are particularly interested in the 3½-pound and 7-pound bags on which the differentials are excessive. Frankly admitting that we have some selfish interest in the matter, I want to put it on other grounds for the consideration of the Millers' Federation, and that is from the viewpoint of the consumer and meeting the aims of the Food Administration. As it stands now, a large part of our business is 3½-pound and 7-pound sacks in sections where larger packages can not be purchased. We are compelled to take an excessive profit on those small packages. We can't figure, as has been suggested, an average price of 20 or 30 cents on 3½-pounds, and we are in the embarrassing position of taking a profit of 60 cents a barrel. If the Federation differentials in effect prior to the differentials adopted by the Food Administration were made effective, we would be very glad to work with them, but we think it is unfair to the consumers who can't buy larger packages, and who if they bought loose flour would probably pay even a higher price for perhaps a poorer quality of flour. I would like to join with Mr. Bean, of Ballard & Ballard Co. in asking that the Food Administration-Milling Division makes changes in the differentials, or that they permit, if they will, millers who can sell flour cheaper than any agreed basis to do it, and that they permit millers who can sell small packages cheaper to sell them.

The President. I understand, Mr. Sim, that you are seconding this motion of Mr. Bean's.

Mr. SIM. I second Mr. Bean's motion.

Mr. GOETZMANN. Mr. Chairman, I happened to be a substitute member of this committee on package differentials at the time it was considered, and, frankly, with my regrets to the gentleman who has just spoken before me, I rather resent the idea of this extra profit, because the committee did not so consider it. We gave a matter of 8 or 10 hours of very serious, earnest consideration to every single detail of this differential matter. I venture to say that we gave more solid hours of good hard work to the study of differentials at that meeting than has ever been given by any similar committee before or since. I hap-

pen to know whereof I speak with reference to the differential matter, because of being interested for about 10 years. I think I am correct in that statement. It is not an excessive profit at all. As a matter of fact the question of profit did not enter in. It was a question of the extra cost of the packages, plus an extra cost of packing those packages plus the extra cost of handling those smaller packages, and with all courtesy in the world to these gentlemen who have just spoken, that profit is not in there.

Mr. CROCKER. After all the time that has been given to this matter, I think it would be a great mistake, with due respect to the gentlemen who object to making too much profit on small packages, and I think the matter can be easily adjusted by reducing the selling price.

Mr. BEAN. Mr. Chairman, we realize that this thing was worked out in great detail and with great care, but I believe that committee or any other broad-minded committee is always open to conviction. All we ask is a hearing. We are putting ourselves in the hands of that committee for a rehearing of this proposition. If we can't convince the committee that these things should be reviewed, then our case is closed and we will not reopen it. As Mr. Crocker has said, we can overcome it by reducing the price, but the minute you do that the jobber who repacks flour simply takes the business away from you on the small sacks, and you suck the lemon on the big sacks after having reduced your price. That is the way it works out.

The PRESIDENT. As I understand the substitute motion, it is that the south-eastern millers be given the privilege to go before the Federation committee as to changes in differentials.

Mr. BEAN. Mr. McLeMore suggests that we broaden it by saying that any organization be given that privilege.

The PRESIDENT. In other words, it resolves itself then into a hearing of the package differentials committee for the different federated clubs of the Federation?

Mr. BEAN. Yes, sir.

The PRESIDENT. Are there any further remarks?

Mr. OLSON. I would like to emphasize what I said before, that it would be very embarrassing at this time to have a recommendation for a change in so important a matter as package differentials, just when we are getting started under the Food Administration Regulations. We have only been running a little more than a month, and here they come in with a change at this time; thirty days later possibly we will want another change.

Mr. McLEMORE. Mr. President, I am not going to say anything more after this, but just to show some of the difficulties which have come up and which we have tried to correct the best we could. I want to say there is no disposition on the part of any one of us to put any obstacles in the way of the Administration. We are all patriotic and doing what we can. We realize it is pretty bad to come to the committee and ask them to change differentials at the present time. The committee has said, however, to the members of the Millers' National Federation, that if they wish to make any recommendation they will consider it. Now is the time or never. After this we don't propose to say anything more about it. If we don't take action to-day this is our last chance. Now in the Southeast a great many carloads are less than 24-pound packages. For instances, 12's and 6's and 4's. Now they are shipped without the burlap. We have been called upon to tell the millers what they shall deduct from these package differentials which we supply with the envelopes, to obtain the price without the package differentials. Now the only manner in which we could get that at all was to take the 12-pound package, which was a differential without the envelope, and your 12-pound package which was a differential with the envelope, and take the difference between the 12 pounds without the envelope and with the envelope, which is 35 cents, and arrive at the cost by taking that difference of 35 cents and deducting it from the 6's, and saying that the differential on 6's without the jute shall be so and so. That leaves something to doubt, which ought to be cleared up, Mr. Olson. We find that some millers are arriving at that in one way and some millers are arriving at it in another way, and over in Illinois, for instance, they took 25 cents as the proper cost of juting. In another section, we said we are going to follow these differentials absolutely, wherever they lead us, and we are going to take the maximum of 35 cents. That is the confusion, Mr. President, that ought to be removed if it possibly can be removed. It is for successful administration.

Mr. HARDENBERGH. It seems to me it would be very unjust and almost narrow-minded for a meeting of this kind to vote against any section of millers going before the committee on package differentials and talking to them, and putting their cause before them. If the committee wants to turn it down, that ends it, but for us to say they can't even go before the committee, it seems to me is going to work against the strength of the organization as a whole, rather than helping it.

The PRESIDENT. Well, Mr. Hardenbergh, the substitute motion was broadened to include all federated clubs.

Mr. HARDENBERGH. Well, even so.

The MEMBERS. Question, question.

The PRESIDENT. All those in favor of the substitute motion will respond by saying "Aye"; contrary, "No." The substitute motion is carried. I will not put the other motion. The position as I gather it now is that the package differentials committee must announce a regular hearing to all sections of the Federation to discuss package differentials, and endeavor to come to some conclusion as to one uniform differential. We can only have one differential, because we must work with the differentials of the Food Administration.

The SECRETARY. Can they be represented both in person and by brief?

The PRESIDENT. That is a matter the chairman of the committee must answer.

Mr. GOETZMANN. As I understand it this resolution provides for a general meeting to consider this question; that is the package differentials committee will call a special hearing at a certain time.

The PRESIDENT. Yes, sir.

Mr. GOETZMANN. I want to hark back to another point in connection with this, namely, that nothing that this body could do would tend to keep anybody from approaching any committee in respect to anything that that committee was supposed to be handling. That does not require a special resolution. That is always there.

The PRESIDENT. This resolution provides for further discussion of package differentials by the differentials committee; hearing evidence from any source that they can get it.

Mr. McLEMORE. I want to strengthen that, and move that the conclusions of the package differentials committee be transmitted to Mr. James F. Bell, chairman, as the recommendation of the Millers' National Federation, as to the changes advocated, and that such recommendation be treated as if adopted by this body in regular session.

The PRESIDENT. As I understand it, under the rules the directors would have to adopt these package differentials. Now you wish to have them adopt it in advance by resolution passed at this meeting?

Mr. GOETZMANN. Delegate the powers of the directors?

Mr. McLEMORE. Yes.

Mr. LEWIS. Would it not be well on this occasion to take a vote of those who are in favor of the package differentials, and let that be recorded? I move that such a motion be put.

The PRESIDENT. I don't think that is in order just now. I did not hear a second to it.

Mr. MILNOR. I second the motion.

The PRESIDENT. The substitute was voted on and carried, and I did not place the original motion.

Mr. OLSON. The original motion was that no change be made in the differentials at this time.

The PRESIDENT. I did not put the original motion because the assembly ruled that the substitute motion if carried was effective, and superseded the original motion. That is in accordance with the former decision.

Mr. KELL. Mr. Chairman, as I understand what we have done here, we have voted to reopen the package differential question. We have voted to request the package differential committee to reopen this and let those gentlemen who feel they have not been fairly heard reopen the question. Now then if we were to adopt this last motion that is made, why then this body is going on record in favor of a change from the present rules. I confess, I don't know enough about it myself to know how I ought to vote on it. I prefer to leave it in the hands of the committee, and let the committee hear testimony from everybody, and when the committee makes its recommendations then it will come back to this body for adoption or rejection.

The PRESIDENT. It would seem proper that the regular rules of order should be carried out and the committee make their recommendation to the Federation, and then that it be passed to the directors and they decide whether they wish to promulgate those as Federation Differentials or not.

Mr. GOETZMANN. Mr. Chairman, this amounts to delegating the authority of the Board of Directors of the Millers' National Federation to the package differentials committee.

Mr. McLEMORE. That is what it amounts to. I had in mind, if you please, Mr. President, that if the change is going to be made it must be made now. That committee must get together and make their recommendation to us. It does not mean that those differentials are going to be adopted by the Millers' National Federation. You have asked for recommendations, if any, and it is only a means of transmitting those recommendations. Mr. Kell did not get the substance of the motion. I do not say that the committee would recommend any change. The committee may refuse or reject the suggestions entirely and the differentials be left as they are. On the other hand, they may change the differentials, and their recommendations will simply go to you gentlemen for consideration and will be nothing more. That is all I was asking for in the motion.

The PRESIDENT. That is a change from the motion as originally stated.

Mr. LEWIS. Mr. President, I still insist that my motion is in order, that we get the opinion of those here as to how they feel about the present differentials for the guidance of this committee.

The PRESIDENT. We have a motion before the house, Mr. Lewis, made by Mr. McLEMORE and seconded by Mr. Milnor, which I think would be in order.

Mr. LEWIS. Well, you ruled my motion was out of order in the first place.

The PRESIDENT. That was because there was a motion before the house.

Mr. CLARK. Mr. President, I don't see the justice of Mr. McLEMORE's proposition. They come in here and ask this thing to be reopened because they were not present. Now when they come into this new meeting and are present, they want the question forever closed. I can't see any justice in that position.

Mr. McLEMORE. Mr. Clark, we are not asking for a rehearing because we were not present. We are willing to take our punishment, such as we deserve because of our absence. We are asking for a reopening of the question because the differentials are in some respects essentially wrong, and Mr. Bell himself I think realizes that.

Mr. CLARK. You want it settled by this committee, without referring it back to this body.

Mr. McLEMORE. I was doing that to expedite the matter.

Mr. OLSON. All the authority the committee would have would be to make a recommendation to the Board of Directors of the Federation.

The PRESIDENT. I think the Board of Directors would be governed entirely by the wish of the committee, and the expression of the members that attended the hearing. Do you withdraw your motion?

Mr. McLEMORE. I still think, Mr. President, that a recommendation should be made to the Central Committee from this body by some committee or body of directors, it doesn't make any difference. You have offered that opportunity. This Committee in particular has offered the opportunity to this Federation to say if these differentials are absolutely true. As a matter of fact, if they can be improved in any way, surely the time to do it is now, and that is all I have asked for. If they are not true, why let us correct them.

The PRESIDENT. If the package differentials committee submits a change in the differentials, that will be recommended to the Millers' Committee.

Mr. McLEMORE. That is all we want.

The PRESIDENT. You withdraw your motion then on that statement?

Mr. McLEMORE. Yes.

The PRESIDENT. Mr. Lewis, did you want to make a motion?

Mr. LEWIS. Mr. President, my motion is this; it is a matter simply for the guidance of the committee, that we now take a vote on this matter as to how the members feel with reference to the present differentials. All those in favor of the present differentials please so state.

The PRESIDENT. It is your wish to take a vote as to the feeling of this meeting regarding the present differentials, known as the Food Administration Uniform Package Differentials?

Mr. LEWIS. Yes, sir.

Mr. McLEMORE. That isn't fair, because it simply prejudices the work of the committee.

The PRESIDENT. I don't see as that would especially. All those in favor of retaining the package differentials adopted, please rise. (40 stood up.) All those who prefer to see a change in those differentials, rise. (13 stood up.) That is just an expression of opinion, as I understand it. I believe we have disposed of that package differentials question again for a while.

Mr. CROCKER. Just one minute before we leave this, and it doesn't have anything to do with differentials, especially, but we have recently found abuses arising by mills quoting in bulk in buyers' sacks, instead of selling on basis and making the usual allowance for buyers' sacks. I think it is a great mistake and it should be stopped.

Mr. HAMILTON. Mr. Chairman, that is a point that I want to speak of before this matter of differentials was put aside. It is a practice that prevails among a good many of the eastern buyers and the eastern mills who traffic in flour on the bulk basis. When that is done it is very difficult, it has been in the case of several millers, and our customers know exactly how to apply this new schedule of differentials and have it workable, and at the same time have it uniform in the making of prices in the different packages which they send us, and I would like very much when this package differentials committee comes together, to have them consider this aspect of the case and give us a ruling that will permit us to apply these differentials upon flour packed in buyers' sacks, and to apply these differentials on it, so that the invoice of the flour in the different packages shall be uniform in all cases. Now I make no plea for the continuance of selling flour in bulk to the customer. We do it ourselves and it is a practice that we would be very glad to break away from, but it is a custom that has prevailed for a good many years in the trade in the East and it would be very difficult on the spur of the moment to break away from it. I might say with regard to these small packages, the discussion of which I have listened to here with a good deal of interest, that I believe it is the policy of the Food Administration to discourage as far as possible the distribution of flour at the present time in these small packages, and I am sure that it is something that most all of our mills would be glad to break away from temporarily, at least, because of the fact that it incurs so much extra labor in our mill, and labor is extremely difficult to obtain at the present time. [Applause.]

The PRESIDENT. I think any further recommendations on package differentials had better be made to the committee, unless there is some question that we have overlooked. That question of selling in bulk, in connection with the recommendation, will be submitted to the committee and that closes the matter, unless there is some other question in regard to package differentials.

The SECRETARY. I would like it to be shown by the record, please, that I have some criticisms on package differentials, sent to me by those who were not able to be present. It would only take up time and we would not get anywhere if I were to present them now, so I will present them to the package differentials committee at this meeting that will be called.

Mr. OLSON. I would like to state for the gentleman who just spoke, that where they are buying or selling flour in bulk there is no provision made here to reverse these differentials. The intention was to apply them from the top down. If that is followed out there is a provision made that where the buyer furnishes the package he is allowed a discount of 20 cents per barrel. Some may argue that the buyer should be allowed the full cost of the package; in figuring it on that basis they overlook the fact that there is a certain amount of work that a miller has to perform in handling these packages. He carts them from the station and nine times out of ten he has to clean them, the second-hand packages; he has to maintain a sack cleaning equipment, turn the bags, and there is an endless amount of work in handling those second-hand bags, and why the miller should perform all that work for nothing is something which the differentials committee did not think should be considered for a moment.

The PRESIDENT. Gentlemen, if there are no further recommendations on this question of package differentials, I would like to announce that it is approaching the hour of luncheon, and we will adjourn now until 2 o'clock.

An adjournment was then taken until 2 o'clock p. m.

EXHIBIT V

LETTER OF DECEMBER 22, 1924, FROM SYDNEY ANDERSON, PRESIDENT, TO MEMBERS OF THE EXECUTIVE COMMITTEE OF MILLERS' NATIONAL FEDERATION

December 22, 1924.

To the Members of the Executive Committee, Millers' National Federation.

GENTLEMEN: On the 26th of November, 1924, Mr. Husband and I completed the last of 21 meetings of millers held at the following times and places:

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| Sept. 4----- Kansas City, Mo. | Oct. 28----- Denver, Colo. |
| Sept. 10-12---- Williamsport, Pa. | Oct. 30----- Ogden, Utah. |
| Sept. 12----- Richmond, Va. | Nov. 3----- Los Angeles, Calif. |
| Sept. 15----- Buffalo, N. Y. | Nov. 5----- San Francisco, Calif. |
| Sept. 16----- Lansing, Mich. | Nov. 7----- Portland, Oreg. |
| Sept. 17----- Toledo, Ohio. | Nov. 10----- Seattle, Wash. |
| Sept. 18----- Columbus, Ohio. | Nov. 14----- Great Falls, Mont. |
| Sept. 30----- Indianapolis, Ind. | Nov. 19----- Minneapolis, Minn. |
| Oct. 1----- Belleville, Ill. | Nov. 21----- Omaha, Nebr. |
| Oct. 1----- St. Louis, Mo. | Nov. 25----- Nashville, Tenn. |
| Oct. 24----- Wichita, Kans. | |

In calling these meetings we had three primary objects. First, to extend our acquaintance with the milling trade and with the conditions in the industry. Second, to extend the membership of the Federation. Third, to secure the cooperation of the various mills in a program of action to be formulated and undertaken by the Federation later.

It seems proper that I should make a report to you covering my observations and conclusions as a result of these meetings.

I should say that as the first consequence we have succeeded in bringing into the Federation mills representing approximately 65,000,000 barrels, from which the dues paid will be equivalent to the budget estimated to be necessary this year by the executive committee. Our reception at all of these meetings was extremely cordial and I wish to take this opportunity of expressing my appreciation of and obligations to the regional chairmen and the officers of the State and local associations which cooperated, for their assistance and cooperation in making these meetings successful. I was particularly pleased with our reception on the Pacific coast, where we had but one member prior to our visit and where we succeeded in securing very close to 100 per cent membership as the result of our visit. We are following these meetings with an intensive campaign for membership in the effort to bring in a considerable number of mills which have not yet seen the necessity of joining the Federation.

I think we may modestly claim, also, that these meetings have helped tremendously in strengthening the morale of the industry under unusually difficult conditions and have brought forth sufficient expression of cooperation to warrant us in the belief that a constructive program can be formulated and made effective.

The major problems of the industry grow out of conditions which have already been established and which cannot readily be changed and out of practices which have the sanction of long usage and are presumably the outgrowth of demonstrated experience, or the result of the pressure which constantly or periodically compels the indulgence in practices which are detrimental to the continuous maintenance of the business upon the basis of stability in volume and price levels.

An approach to the major problems of the industry is exceedingly difficult owing to the widespread and intangible character of many of the factors involved. These major problems must be reached through attacks upon their specific or particular phases. In other words, the major problems divide them-

selves up into a larger number of smaller problems which can be attacked individually. It seems to me, therefore, that keeping in mind the general picture of the industry and the goal which we are seeking to reach, we must attack these lesser problems one by one in the hope and expectation that the progress made in each one of them will tend to improve the general condition and to develop a solution for the major problems. The method of attacking these lesser difficulties will be outlined further on in this report.

There are certain fundamental conditions in the industry which are generally well known, but which need to be mentioned as a background for the consideration of certain specific phases which should have action by the Federation. The first and most obvious of these is the apparent excess capacity in the industry.

This excess capacity exists in three forms. First, it consists of a considerable number of mills which are either obsolete or uneconomically located and which cannot be brought into operation again except under most exceptional circumstances and at the expense of considerable outlay of funds for restoration. Second, capacity which is temporarily in cold storage and which could be brought into operation at relatively small outlays. And, third, capacity which is idle either a part of each day or a part of each year.

This excess capacity is a constant menace, because of its tendency to produce a condition of overproduction and because of the pressure which it constantly exerts, owing to the lower unit costs of manufacture and sales which it is considered can be realized through increasing volume upon the sales force to increase sales, even where sales do not net a reasonable profit.

A reasonable view of the entire situation indicates that the maximum output of flour which can be sold at a profit in the domestic and foreign markets will not utilize to exceed 57 per cent of the maximum capacity. This is true notwithstanding the fact that the annual domestic consumption and exports of flour vary considerably from year to year. (The demoralization which occurs in the market from time to time as a general rule has its roots in the effort of mills to maintain or increase their proportion of the aggregate business by the utilization of various forms of selling devices which are designed to and occasionally do accomplish temporary increases in sales, but which nevertheless, if extended over any period of time, result in lower price levels.)

Statistics of the industry show that about 80 per cent of the aggregate business is done by about 15 per cent of the mills. This means that a considerable part of the industry has no real permanent market, and must depend upon occasional sales frequently effected at prices below the general price level.

It is difficult to suggest any method of meeting this situation, which is within the legal limits now established by the anti-trust laws, but it is pertinent to suggest that these conditions obviously require the exercise of a high degree of restraint on the part of all the mills in their efforts to increase their volume of business, particularly if these efforts are made through intensive sales campaigns and by the use of various devices such as the giving of premiums, bargain days, etc.

There appears to be no action that can be taken which will definitely limit the effect of excess capacity except to constantly reiterate to the mills the fact that this excess capacity exists, that there is a constant tendency toward over-production, and that output and cost should be predicated upon what experience has demonstrated to be the profitable run which can be expected, and that reasonable restraint must be exercised in attempting to increase business, particularly where these attempts are made in the form of specialized selling campaigns or undertaken on the basis of over-selling the market.

The conditions also suggest the possibility of economies through consolidated selling, which I shall discuss later in connection with another matter.

Experience in other lines of trade had demonstrated the number of brands of a commodity which are carried in the mind of the housewife is relatively limited and probably does not exceed three or four. There are no statistics as to the number of brands of flour which are on either our local or primary markets, but these easily run into several hundreds and probably into several thousands. It might be advantageous to give more intensive consideration to the possibility of standardizing flour grades and reducing the number of brands on the market. My own opinion, however, is that this could be done only in connection with a program which involved consolidated sales.

Considerable attention has been attracted recently by the organization of the Continental Baking Corporation and the large number of baking units which

have been and are being taken into the organization with the consequent concentration of buying power which this portends. The best information I have been able to secure indicates that the aggregate purchases of this company will probably be in the neighborhood of 5,000,000 barrels annually. This constitutes about 5 per cent of the total consumption, and if the matter rested there it might perhaps not justify the alarm which it seems to create. There are evidences, however, that the tendency toward buying consolidations is having its effect in the establishment of other consolidated buying agencies, both in the bakery and retail grocery trades. In the absence of governmental action to restrain this tendency, it seems altogether probable that it will increase. I doubt very much if any form of governmental action will be altogether effective in restraining this form of competition if the economies which are expected can be realized.

The only answer which can be given to this tendency appears to be some form of consolidated selling. The working out of a plan which would permit of meeting consolidated buying with consolidated selling presents a great many troublesome details which are difficult of solution, but which I do not think are insurmountable. I do not wish to be understood as suggesting or advising the consideration of the formulation and adoption of a plan of consolidated selling at this time, but I do wish to suggest that the matter is one which should have serious consideration at an early date with a view of determining whether or not the trade is in the mood to consider a plan of this sort.

The conditions of competition under which the milling business is conducted are to a very considerable degree of the mills' own making. That is to say, these conditions are to an extent amenable to action of the milling group as a whole. The milling industry cannot expect to establish conditions under which every mill in the country can be guaranteed a profit upon every barrel it sells under all conditions and under all circumstances. We can well make this our goal, but its realization would mean an approach of the millennium in the competitive conditions under which flour is produced and sold, but mills can reasonably expect to secure such prices and such profits from the production and sale of flour as decent, fair, and equal conditions of competition in the light of general business conditions in the country will permit them to get.

There are certain practices which are recognized by a considerable majority of the trade as demoralizing market conditions, tending to secure temporary or permanent unfair advantages to individual mills or portions of the trade, which tend to deceive the purchaser or to bring the industry generally into bad repute. It should be possible to obtain an agreement among the trade as to what these practices are and their adherence to a policy of restraint in using them. In order to make a beginning on this matter, Mr. Husband and I have worked out a list of practices which have come to our attention and which we believe should be considered in this connection. This list we have submitted to a large number of mills for suggestion and criticism, after which the list will be extended, curtailed or modified in accordance with the suggestions received and an effort made to secure action by the Federation definitely outlawing these practices, and to set up machinery which will so far as possible obviate their use in the trade.

A partial list of the practices which should be considered in this connection is as follows:

1. Sales of flour for shipment beyond 60 days from date of order.
2. Guaranteeing flour prices against decline.
3. Consigning flour, under any conditions.
4. Selling flour on open account, or an "acceptance" basis. (The latter practice is a subterfuge for selling on open account.)
5. Selling flour on the basis of bids, rather than naming price at home office and maintaining it.
6. Permitting salesmen or brokers to make sales at former prices, after an advance.
7. Failure to observe strictly the Federation Package Differentials.
8. Failure to collect carrying charges.
9. Offering so-called "premiums" as an inducement to buyers.
10. The practice of offering flour at reduced prices in a specified territory on a given day; this practice is commonly known as "bargain day" sales.
11. Recognition of "gossip" relayed to the mill by salesmen, brokers, etc., as to what other mills are doing, and meeting prices and terms so reported without confirming them from the mill accused.

12. The practice of salesmen or brokers carrying "vest pocket orders," either those to be entered upon notification of advance in price, or those representing the buyer's basis of price, to be entered when market declines will permit.

When we have secured the reaction of the mills to whom this list of practices has been submitted and their replies have been tabulated and considered, it is altogether likely that we may find it necessary to attempt to concentrate our efforts to obtain the consent and adherence of the trade to a policy eliminating a relatively small number of the practices. In other words, the wise procedure would be to secure the adoption of a policy eliminating these practices one or two at a time.

It is impossible to give much consideration to the general sales policy in the industry without being immediately impressed with the differences in price that are made to different groups of buyers, and the demoralizing effect of these prices upon the general price level and upon the conditions of the industry in general. Prices made to the larger bakery combinations or large baking units, and those made to the small bakers serve to give impulse to the combination of the buying power of the baking companies and have invited the combinations which we have recently witnessed.

To a certain extent lower prices to large volume bakery buyers are justified by lower cost of production and lower cost of sales, but there are plenty of indications that cost levels have been disregarded to a very large degree in making prices to this class of trade.

The same condition appears in prices made to the chain stores and the independent grocery buyers. In fact, a recent survey made in one of the large consuming centers indicates that the independent grocer has been able to buy his flour supply from the chain stores cheaper than he could buy it from the miller direct. Here again certain price concessions may be justified by the larger volume of the purchases involved, but here also the tendency is to make larger concessions than the actual differences in cost justify.

So far as I have been able to ascertain, very few if any mills have sufficient analysis of sales data upon which to predicate with certainty their judgment as to what the actual difference in cost of doing business with these various groups is. It might be desirable in this connection to invite an inquiry in a specified group of mills designed to develop information as to what differences in price are justified from the standpoint of actual cost to different groups of buyers.

The whole question of price policy in the industry is an important as well as a difficult one. A larger and larger percentage of mills are attempting to conduct their business on the basis of an established price determined at the home office. This practice is undoubtedly sound and if it could be established as a general practice in the trade, I am quite certain that improvement in the conditions would result. It is, of course, recognized that changes must be made in price to conform to changes in cost of raw materials, service rendered, etc. It is recognized, also, that price changes must be made from time to time to meet competitive conditions, but the sound policy seems to be that price concessions should be made in specific trade territory to all of the trade involved as a recognition of a change in competitive conditions rather than as a concession in individual cases, or to individual buyers or classes of buyers, which emphasize the natural competitive advantages which such buyers enjoy and create discriminations which neither sound business nor decent public opinion will justify.

The practical difficulties of bringing about such a condition are perfectly obvious, and in making this statement I have made it rather with the idea of attempting to establish the goal to be aimed at and without the idea of suggesting a formula by which a reformation in the price machinery of the industry can be effected.

I desire to emphasize here again that we can only expect to make a little progress upon each of these phases from time to time. They do not lend themselves to the establishment of a definite policy to which all of the mills will voluntarily adhere at once. We can set up what we believe to be the sound policy in the expectation that a larger and larger number of mills will find it profitable to adhere to that policy as time goes on. It is necessary to emphasize the fact again that the improvement of the conditions in the milling industry cannot be accomplished at once by wholesale reformation, but that

we must expect to make progress as we are able clearly to see the direction in which we wish to go and the goal we wish to reach, and as the spirit of the trade and the conditions which surround it will permit.

COST ACCOUNTING

I stated in my inaugural address to the semiannual convention in October that in my opinion the development of a more uniform system of accounting in the industry was basic to making much progress in the direction of improving conditions in the industry through exchange of information, and to the accumulation of a fund of data which could be utilized in the various contacts of the industry with government departments, bureaus, and commissions. The meetings which we have held, coupled with a more or less cursory examination of accounting systems in use in the trade have only confirmed the conviction which I expressed in October.

The raising of the general efficiency of the industry, both in production and sales practice, is to a high degree a matter of exchange of information. While I reiterate what I have said on several other occasions, that there should be no attempt whatever at price fixing, I am equally satisfied that there is no reason why any mill should engage in unsound, unbusinesslike or demoralizing practices simply because it does not know what is happening in the industry or what the other fellow is doing. Knowing what the other fellow is doing depends primarily upon the working out of a common language of statistics of cost, output, etc., which can be understood by everybody in the trade alike. Common definitions of terms and uniform methods of cost accounting are essential to any effective exchange of data.

I am, therefore, going to ask the Executive Committee to authorize the employment of a competent man to make a general survey of cost accounting conditions in the industry and to work out a scheme of basic definitions and methods as a basis for consideration of a committee composed of both mill accountants and executives. Having worked out this scheme, it will be made the basis of an exchange of information between mills and the milling sections which should be helpful in ironing out the competitive difficulties which occur between competing sections and in preventing the demoralizing practices which occur under pressure.

FORWARD SALES

The opinions expressed at a large number of the meetings which Mr. Husband and I have held indicate that a good deal could be accomplished in the direction of creating sounder competitive conditions if an absolute limit could be established on the period of forward sales. There is apparently a wide difference of opinion in the trade with respect to both the advantages and the possibility of establishing such a limit. I am nevertheless tentatively, at least, of the opinion that the sounder business practice would be to establish an absolute limit upon the forward period of such transactions.

The advantages or disadvantages of long period forward sales are effected to a large degree by the particular economic conditions which surround the business one year and another. That is to say, that conditions favor forward selling when period of downward markets may be anticipated from the millers' point of view and favor the other policy when advanced prices are to be anticipated. Generally speaking, however, the advantages of the long period forward sales grow out of the continuity of operation which they presumably insure and the larger orders which they make possible. The first of these advantages, however, is minimized by the fact that many of these forward sales do not specify particular times of delivery and, therefore, the mill accepting such orders takes some chance in operating in the expectation of filling them, because shipping directions may not be given in such continuous volume as to insure the continuity of operation which was anticipated or orders may be cancelled, leaving the mill to the remedy prescribed in the contract.

On the other hand, such sales have a tendency to invite speculation by traders, distributors, brokers, and others, because the speculation can be conducted on the mill's money with comparatively small risk on the part of the speculator, who may either repudiate his contract or find capacious reasons for failure to give shipping direction, which result in annoyance, ill feeling, and general demoralization.

The practice of forward selling, if indulged in to an excessive extent, also tends to induce over-selling and a re-sale of the product later at a price below replacement value if the price has risen in the meantime.

I have not seen any figures which indicate definitely the extent to which the larger orders and consequently lower costs of operation and sales may be a factor in long time forward selling. It is undoubtedly true that the cost of securing a small order is only slightly less than the cost of securing a larger order, if any. It is equally obvious that the cost of the sale per unit is considerably greater in the case of a small order than in the case of a large order. In any event, the matter of the size of the order is to a very large extent a matter of education of salesmen and buyers with respect to the value and relative cost of large and small orders and their relation to the turnover of the bakery, retailer, or other buyer.

While I do not think the policy to be pursued in the matter of forward selling is as free from doubt as many others which confront the trade, I do believe that the question of the possibility of adopting a policy which would definitely limit the period of forward sales to sixty or ninety days should be given serious consideration.

The ill effects of forward sales are minimized to some extent by the application of a carrying charge for the period beyond an upset limit of sixty days. This carrying charge as now applied is in the form of a penalty and as such is somewhat difficult of application and collection. It might be that the better policy would be to attempt to establish an upset limit of 120 days, with a discount equivalent to the present penalty for each day under that period as deliveries are made. This would put the matter on the basis of a discount for prompt delivery instead of in the form of a penalty for delay in giving shipping orders as at present.

EXPORT BUSINESS

The export business has always been a very considerable factor in maintaining healthy conditions in the trade. It constitutes a very useful and valuable outlet for the excess capacity which otherwise would find no employment, and it is desirable that the Federation should do everything possible to maintain the volume of this business. In the long view, however, it seems altogether probable that the difficulty of maintaining the volume of export business is likely to increase rather than decrease.

During the 30 years prior to the world war the proportion of the United States wheat crop which was exported gradually declined until during the five years immediately preceding the war the average exports of wheat and flour combined aggregated about 15 per cent of the total crop. (This tendency was reversed during the period of the war but has apparently resumed since. It is accelerated by the tendency toward diversification of agricultural production. (On the other side of the water the disposition appears to be to build or utilize milling capacity and to import wheat rather than flour.) Both of these factors militate generally against an increase in the volume of export business. Nevertheless, the export business will continue to be a considerable factor in the domestic situation and, as before stated, it is desirable to promote it to the greatest extent possible.

The maintenance of export trade depends in a considerable degree upon the maintenance of adequate service and quality of flour. While this service is to a considerable extent a matter within the control of the shipper, it is also to a very large extent outside of his control and within the province of rail and steamship carriers and the agencies which handle the commodity at both home and foreign ports. It involves all of the questions of insurance, indemnities, claims, and services.

While I have no recommendation to make at this particular time in this connection, consideration must at some time be directed to the question of the employment of some person to give his whole attention to the promotion of foreign trade in flour and the establishment and maintenance of the most satisfactory conditions of shipment, transportation and delivery, including the factors above mentioned.

The Department of Commerce is prepared to undertake an investigation of conditions abroad with a view to promotion of export trade in flour and improving the contacts which mills now have with United States commercial representatives in foreign countries, and with a view also of improving conditions which attach to the transportation and delivery of flour abroad. If

the investigation is undertaken, the Commerce Department desires to undertake it with the full cooperation of the mills and on a basis which will result in securing for the mills the particular information which they desire in forwarding their export business. The representatives of the Commerce Department would expect to meet with a committee of exporting millers with a view of definitely outlining the scope of the investigation and the particular information to be sought.

If it is the opinion of the executive committee that an investigation of this sort could be helpful, I would recommend the setting up of a committee of exporting millers to cooperate with the Department of Commerce in formulating a plan for the investigation.

FEED STANDARDS

The matter of the establishment of feed standards is giving more and more concern as greater and greater attention is being paid to the matter by both Federal and State departments. Up to this time the work of procuring and assembling the fundamental data which is necessary to the presentation of the mills' case before the various State and Federal agencies dealing with feed and flour standards has been done very largely by representatives of the larger mills.

The work which he has done in this connection has been exceedingly high class and of a very useful and valuable character, but it has involved a very considerable burden which has been borne by the milling companies referred to and the entire matter has reached the point where the interest of the mills in matters of both feed and flour standards should be protected by the employment of a chemist who can devote his time to obtaining and assembling the required data, and I would recommend to the Executive Committee and the Board of Directors that such a man be secured.

WASHINGTON OFFICE

Some inquiries in Washington have convinced me that a large amount of information is available in the Departments which is not only of interest but value to the mills, and that this information could be compiled and sent out in the form of short paragraphs and statistical tables from time to time and an economic information service built up on this basis. I should like authority to establish a service of this kind and for this purpose to maintain a small office in Washington.

PROPAGANDA

The large amount of propaganda which is constantly being gotten out unfavorable to white bread and advocating various forms of fad foods is a more or less serious menace to white flour and bread consumption. An effective plan of counter-propaganda involves much larger sums than it seems to me the Federation can afford to spend at present. A campaign could be begun at a relatively small cost, but after conferring with a number of people familiar with this kind of propaganda work, I am convinced that the cost would very rapidly mount to a prohibitive figure if the campaign were to be conducted in anything like an effective fashion.

The cheapest and most effective way by which this sort of propaganda can be undertaken is to furnish the mills themselves with material which they can utilize and the publication of which they can secure in local papers and periodicals. Something of this sort is feasible to undertake, but my present opinion is that any considerable campaign along general propaganda lines involves a larger expenditure of money than we can make with the present budget.

Respectfully submitted.

[Signed]

SYDNEY ANDERSON,
President.

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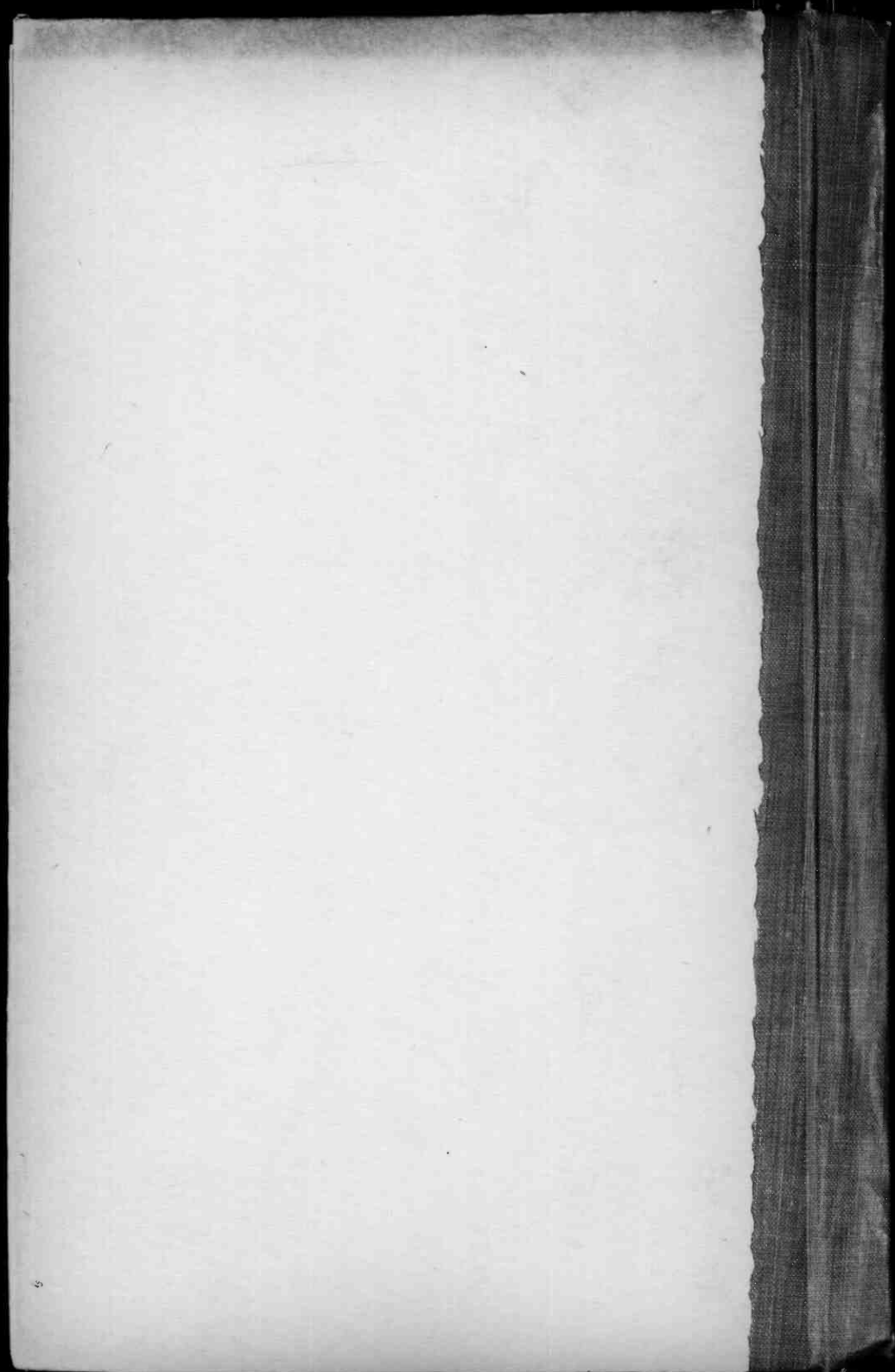
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